

The **CREDIT WORLD**

the only publication serving the entire field of consumer credit

VOLUME 50

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NUMBER 2

in this issue

Soldiers' and Sailors' Civil Relief Act

Debt Counseling—Whose Responsibility

Can We Cure the Bankruptcy "Cancer?"

From the President's Pen

Credit Department Communications

State Legislative Round-Up

Local Association Activities

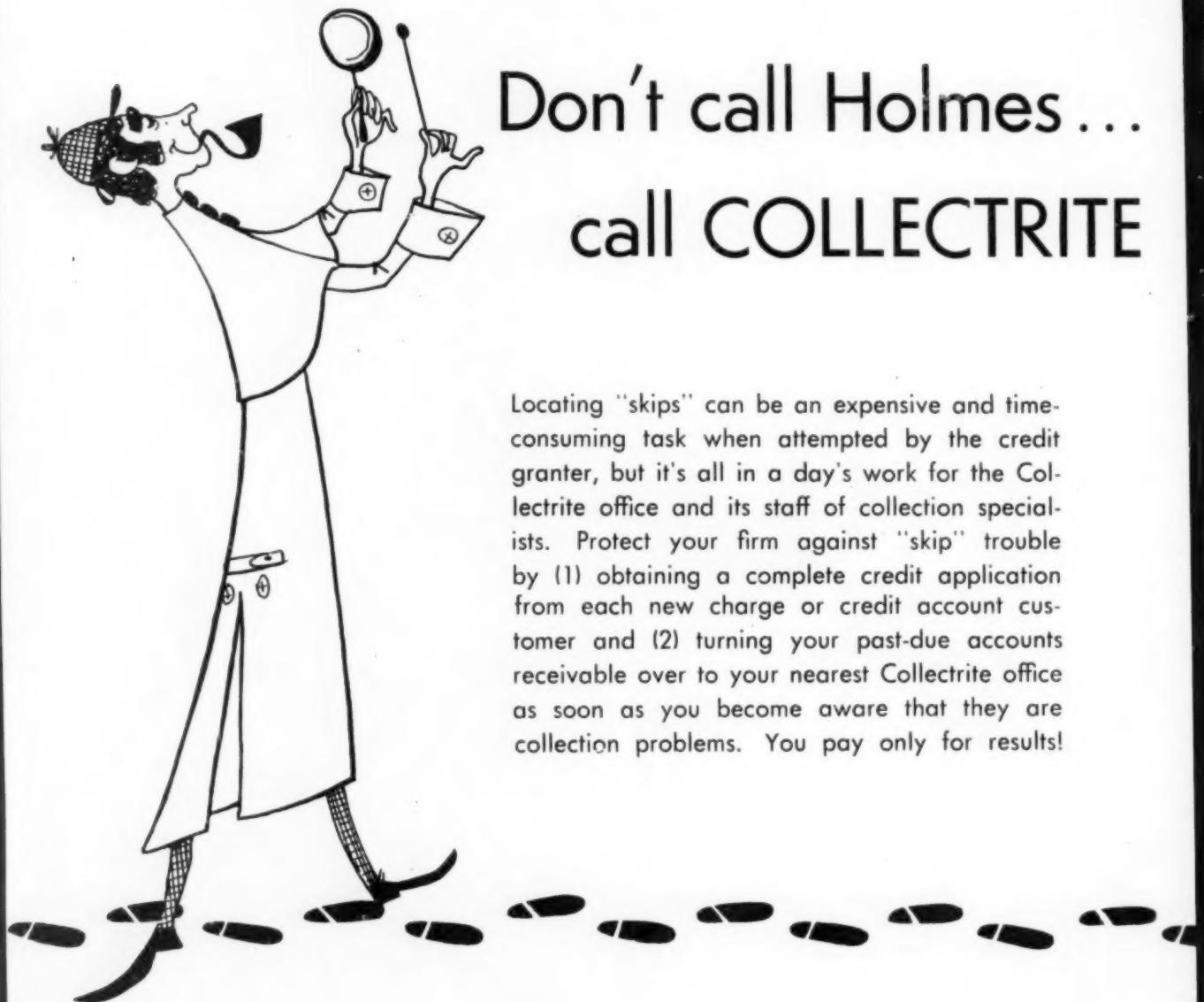
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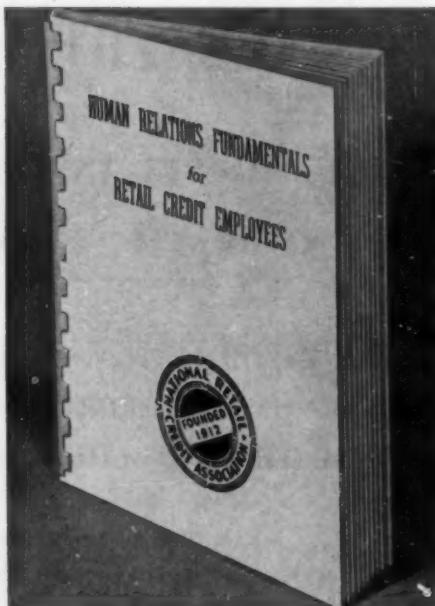
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FEATURES

- 5 **Soldiers' and Sailors' Civil Relief Act**
PUBLIC LAW 861
- 15 **Debt Counseling—Whose Responsibility?**
RICHARD E. STEINMAN
- 20 **Can We Cure the Bankruptcy "Cancer?"**
A. J. AMTER

DEPARTMENTS

- 4 **From the President's Pen**
- 19 **"This Is Your Life," A. J. Kruse**
- 22 **People and Events**
- 24 **Credit Department Communications**
- 26 **State Legislation**
- 27 **From the Nation's Capital**
- 28 **Local Association Activities**
- 29 **Consumer Credit Outlook**
- 32 **Membership Page**

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FROM THE
President's Pen

Committees Important to NRCA's 1961-62 Goals

THE RESPONSE to our committee assignments has been gratifying. The work done by these committee members will go far to determine our success in 1961-1962. Each appointee will please remember that prompt service is vital to the realization of our goals. Summer vacations are now all but over and it is important that each committee get its work under way.

A later meeting of the Executive Committee will offer an opportunity for progress reports. We all want to make our Golden Anniversary one of the greatest years in all the history of the National Retail Credit Association and we must remember that our achievements will not be measured by the attainments of a few officers but by the combined efforts of all our members. Each committeeman will, therefore, need to serve vigilantly. All must beware of the dangers of postponement of assigned responsibilities.

Many affirm that the fall is the most beautiful season of the year. Its colors are unequalled. We must, however, remember that without an extended growing period, there could now be no such exquisite scenes. This is the harvest time in nature but it could not have been possible without the spring and summer seasons of growth.

Even so, our attainments in the NRCA, in which we all rejoice, have been conditioned by the continued and faithful service of its members. As one leaf cannot make autumn ablaze with beauty but untold numbers of leaves must harmonize to make the season glorious, it is true in our own association. The work of all is needed to assure the joy of achievement.

Each year has its goals and its work. If then, we would have a happy and successful new year, we must prepare for it, now. The ensuing months will have their duties but what they bring forth will depend upon the faithful service of every individual member. *Your associates are counting on you.*

PRESIDENT, National Retail Credit Association

SOLDIERS' and SAILORS'

Civil Relief Act of 1940,

As Amended

Public Law 861, Seventy-sixth Congress, As Amended

AS YOUNG MEN AND WOMEN enter the Armed Forces, consumer credit situations are created which require the utmost tact and "know how" in their handling. This industry's reputation for FAIRNESS must be maintained while, at the same time, preserving our basic credit standards.

To acquaint NRCA members with the regulations pertaining to those in the service, the law is presented here for your study. You are cautioned to consult an attorney for interpretation. The law is technical and requires careful analysis and application.

NRCA has prepared an up-to-date booklet containing the law as well as a series of "questions and answers" which would normally arise out of its administration. These have been prepared by NRCA's Washington legal counsel and are available at 75 cents a copy. Address orders to NATIONAL RETAIL CREDIT ASSOCIATION, 375 Jackson Avenue, St. Louis 30, Missouri.

Article I.—General Provisions

SEC. 100 (50 Appendix U. S. C. 510). In order to provide for, strengthen, and expedite the national defense under the emergent conditions which are threatening the peace and security of the United States and to enable the United States the more successfully to fulfill the requirements of the national defense, provision is hereby made to suspend enforcement of civil liabilities, in certain cases, of persons in the military service of the United States in order to enable such persons to devote their entire energy to the defense needs of the Nation, and to this end the following provisions are made for the temporary suspension of legal proceedings and transactions which may prejudice the civil rights of persons in such service during the period herein specified over which this Act remains in force.

SEC. 101 (50 Appendix U. S. C. 511). (1) The term "persons in military service" and the term "persons in the military service of the United States", as used in this Act, shall include the following persons and no others: All members of the Army of the United States,¹ the United States Navy, the Marine Corps, the Coast Guard, and all officers of the Public Health Service detailed by proper authority for duty either with the Army or the Navy. The term "military service", as used in this Act, shall signify Federal service on active duty with any branch of service heretofore referred to or mentioned as well as training or education under the supervision of the United States preliminary to induction into the military service. The terms "active service" or "active duty" shall include the period during which a person in military service is absent from duty on account of sickness, wounds, leave, or other lawful cause.

(2) The term "period of military service", as used in this Act, shall include the time between the following dates: For persons in active service at the date of the

approval of this Act it shall begin with the date of approval of this Act; for persons entering active service after the date of this Act, with the date of entering active service. It shall terminate with the date of discharge from active service or death while in active service, but in no case later than the date when this Act ceases to be in force.

(3) The term "person", when used in this Act with reference to the holder of any right alleged to exist against a person in military service or against a person secondarily liable under such right, shall include individuals, partnerships, corporations, and any other forms of business association.

(4) The term "court", as used in this Act, shall include any court of competent jurisdiction of the United States or of any State, whether or not a court of record.

SEC. 102 (50 Appendix U. S. C. 512). (1) The provisions of this Act shall apply to the United States, the several States and Territories, the District of Columbia, and all territory subject to the jurisdiction of the United States, including the Philippine Islands while under the sovereignty of the United States, and to proceedings commenced in any court therein, and shall be enforced through the usual forms of procedure obtaining in such courts or under such regulations as may be by them prescribed.

(2) When under this Act any application is required to be made to a court in which no proceeding has already been commenced with respect to the matter, such application may be made to any court.

SEC. 103 (50 Appendix U. S. C. 513). (1) Whenever pursuant to any of the provisions of this Act the enforcement of any obligation or liability, the prosecution of any suit or proceeding, the entry or enforcement of any order, writ, judgment, or decree, or the performance of any other act, may be stayed, postponed, or suspended, such stay, postponement, or suspension may, in the discretion of the court, likewise be granted to sureties, guarantors, endorsers, accommodation makers, and others, whether

¹ Also includes members of the Air Force by virtue of sec. 305(a), National Security Act of 1947 (5 U.S.C.171(1)).

primarily or secondarily subject to the obligation or liability, the performance or enforcement of which is stayed, postponed, or suspended.

(2) When a judgment or decree is vacated or set aside in whole or in part, as provided in this Act, the same may, in the discretion of the court, likewise be set aside and vacated as to any surety, guarantor, endorser, accommodation maker, or other person whether primarily or secondarily liable upon the contract or liability for the enforcement of which the judgment or decree was entered.

(3) Whenever, by reason of the military service of a principal upon a criminal bail bond the sureties upon such bond are prevented from enforcing the attendance of their principal and performing their obligation the court shall not enforce the provisions of such bond during the military service of the principal thereon and may in accordance with principles of equity and justice either during or after such service discharge such sureties and exonerate the bail.

(4) Nothing contained in this Act shall prevent a waiver in writing of the benefits afforded by subsections (1) and (2) of this section by any surety, guarantor, endorser, accommodation maker, or other person whether primarily or secondarily liable upon the obligation or liability, except that after the date of enactment of the Soldiers' and Sailors' Civil Relief Act Amendments of 1942 no such waiver shall be valid unless it is executed as an instrument separate from the obligation or liability in respect of which it applies and no such waiver shall be valid after the beginning of the period of military service if executed by an individual who subsequent to the execution of such waiver becomes a person in military service, or if execution of such waiver becomes a person in military service, or if executed by a dependent of such individual, unless executed by such individual or dependent during the period specified in section 106.

SEC. 104 (50 Appendix U. S. C. 514). Persons who serve with the forces of any nation with which the United States may be allied in the prosecution of any war in which the United States engages while this Act remains in force and who immediately prior to such service were citizens of the United States shall, except in those cases provided for in section 512, be entitled to the relief and benefits afforded by this Act if such service is similar to military service as defined in this Act, unless they are dishonorably discharged therefrom, or it appears that they do not intend to resume United States citizenship.

SEC. 105 (50 Appendix U. S. C. 515). The Secretary of the Army and the Secretary of the Navy shall make provision, in such manner as each may deem appropriate for his respective Department, to insure the giving of notice of the benefits accorded by this Act to persons in and to persons entering military service. The Director of Selective Service shall cooperate with the Secretary of the Army and the Secretary of the Navy in carrying out the provisions of this section.

SEC. 106 (50 Appendix U. S. C. 516). Any person who has been ordered to report for induction under the Selective Training and Service Act of 1940, as amended, shall be entitled to the relief and benefits accorded persons in military service under articles I, II, and III of this Act during the period beginning on the date of receipt of such order and ending on the date upon which such person reports for induction and any member of the Enlisted Reserve Corps who is ordered to report for military service shall be entitled to such relief and benefits during the period beginning on the date of receipt of such order and ending on the date upon which he reports for such service.

SEC. 107 (50 Appendix U. S. C. 517). Nothing con-

tained in this Act shall prevent—

(a) the modification, termination, or cancellation of any contract, lease, or bailment or any obligation secured by mortgage, trust, deed, lien, or other security in the nature of a mortgage, or

(b) the repossession, retention, foreclosure, sale, forfeiture, or taking possession of property which is security for any obligation or which has been purchased or received under a contract, lease, or bailment, pursuant to a written agreement of the parties thereto (including the person in military service concerned, or the person to whom section 106 is applicable, whether or not such person is a party to the obligation), or their assignees, executed during or after the period of military service of the person concerned or during the period specified in section 106.

Article II.—General Relief

SEC. 200 (50 Appendix U. S. C. 520). (1) In any action or proceeding commenced in any court, if there shall be a default of any appearance by the defendant, the plaintiff, before entering judgment shall file in the court an affidavit setting forth facts showing that the defendant is not in military service. If unable to file such affidavit plaintiff shall in lieu thereof file an affidavit setting forth either that the defendant is in the military service or that plaintiff is not able to determine whether or not defendant is in such service. If an affidavit is not filed showing that the defendant is not in the military service, no judgment shall be entered without first securing an order of court directing such entry, and no such order shall be made if the defendant is in such service until after the court shall have appointed an attorney to represent defendant and protect his interest, and the court shall on application make such appointment. Unless it appears that the defendant is not in such service the court may require, as a condition before judgment is entered, that the plaintiff file a bond approved by the court conditioned to indemnify the defendant, if in military service, against any loss or damage that he may suffer by reason of any judgment should the judgment be thereafter set aside in whole or in part. And the court may make such other and further order to enter such judgment as in its opinion may be necessary to protect the rights of the defendant under this Act. Whenever, under the laws applicable with respect to any court, facts may be evidenced, established, or proved by an unsworn statement, declaration, verification, or certificate, in writing, subscribed and certified or declared to be true under penalty of perjury, the filing of such an unsworn statement, declaration, verification, or certificate shall satisfy the requirement of this subdivision that facts be established by affidavit.¹

(2) Any person who shall make or use an affidavit required under this section, or a statement, declaration, verification, or certificate certified or declared to be true under penalty of perjury permitted under subdivision (1), knowing it to be false, shall be guilty of a misdemeanor and shall be punishable by imprisonment not to exceed one year or by fine not to exceed \$1,000, or both.¹

(3) In any action or proceeding in which a person in military service is a party if such party does not personally appear therein or is not represented by an authorized attorney, the court may appoint an attorney to represent him; and in such case a like bond may be required and an order made to protect the rights of such person. But no attorney appointed under this Act to protect a person in military service shall have power to waive any right of the person for whom he is appointed or bind him by his acts.

(4) If any judgment shall be rendered in any action or proceeding governed by this section against any person

¹ Amended by Public Law 86-721

in military service during the period of such service or within thirty days thereafter, and it appears that such person was prejudiced by reason of his military service in making his defense thereto, such judgment may, upon application, made by such person or his legal representative, not later than ninety days after the termination of such service, be opened by the court rendering the same and such defendant or his legal representative let in to defend; provided it is made to appear that the defendant has a meritorious or legal defense to the action or some part thereof. Vacating, setting aside, or reversing any judgment because of any of the provisions of this Act shall not impair any right or title acquired by any bona fide purchaser for value under such judgment.

SEC. 201 (50 Appendix U. S. C. 521). At any stage thereof any action or proceeding in any court in which a person in military service is involved, either as plaintiff or defendant, during the period of such service or within sixty days thereafter may, in the discretion of the court in which it is pending, on its own motion, and shall, on application to it by such person or some person on his behalf, be stayed as provided in this Act, unless, in the opinion of the court, the ability of plaintiff to prosecute the action or the defendant to conduct his defense is not materially affected by reason of his military service.

SEC. 202 (50 Appendix U. S. C. 522). When an action for compliance with the terms of any contract is stayed pursuant to this Act no fine or penalty shall accrue by reason of failure to comply with the terms of such contract during the period of such stay, and in any case where a person fails to perform any obligation and a fine or penalty for such nonperformance is incurred a court may, on such terms as may be just, relieve against the enforcement of such fine or penalty if it shall appear that

the person who would suffer by such fine or penalty was in the military service when the penalty was incurred and that by reason of such service the ability of such person to pay or perform was thereby materially impaired.

SEC. 203 (50 Appendix U. S. C. 523). In any action or proceeding commenced in any court against a person in military service, before or during the period of such service, or within sixty days thereafter, the court may, in its discretion, on its own motion, or on application to it by such person or some person on his behalf shall, unless in the opinion of the court the ability of the defendant to comply with the judgment or order entered or sought is not materially affected by reason of his military service—

(a) Stay the execution of any judgment or order entered against such person, as provided in this Act; and

(b) Vacate or stay any attachment or garnishment of property, money, or debts in the hands of another, whether before or after judgment as provided in this Act.

SEC. 204 (50 Appendix U. S. C. 524). Any stay of any action, proceeding, attachment, or execution, ordered by any court under the provisions of this Act may, except as otherwise provided, be ordered for the period of military service and three months thereafter or any part of such period, and subject to such terms as may be just, whether as to payment in installments of such amounts and at such times as the court may fix or otherwise. Where the person in military service is a defendant with others the plaintiff may nevertheless by leave of court proceed against the others.

SEC. 205 (50 Appendix U. S. C. 525). The period of military service shall not be included in computing any

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period now or hereafter to be limited by any law, regulation, or order for the bringing of any action or proceeding in any court, board, bureau, commission, department, or other agency of government by or against any person in military service or by or against his heirs, executors, administrators, or assigns, whether such cause of action or the right or privilege to institute such action or proceeding shall have accrued prior to or during the period of such service, nor shall any party of such period which occurs after the date of enactment of the Soldiers' and Sailors' Civil Relief Act Amendments of 1942 be included in computing any period now or hereafter provided by any law for the redemption of real property sold or forfeited to enforce any obligation, tax, or assessment.

SEC. 206 (50 Appendix U. S. C. 526). No obligation or liability bearing interest at a rate in excess of 6 per centum per annum incurred by a person in military service prior to his entry into such service shall, during any part of the period of military service which occurs after the date of enactment of the Soldiers' and Sailors' Civil Relief Act Amendments of 1942, bear interest at a rate in excess of 6 per centum per annum unless, in the opinion of the court, upon application thereto by the obligee, the ability of such person in military service to pay interest upon such obligation or liability at a rate in excess of 6 per centum per annum is not materially affected by reason of such service, in which case the court may make such order as in its opinion may be just. As used in this section the term "interest" includes service charges, renewal charges, fees, or any other charges (except bona fide insurance) in respect of such obligation or liability.

SEC. 207 (50 Appendix U. S. C. 527). Section 205 of this Act shall not apply with respect to any period of limitation prescribed by or under the internal revenue laws of the United States.

Article III.—Rent, Installment Contracts, Mortgages, Liens, Assignments, Leases

SEC. 300 (50 Appendix U. S. C. 530). (1) No eviction or distress shall be made during the period of military service in respect of any premises for which the agreed rent does not exceed \$80 per month, occupied chiefly for dwelling purposes by the wife, children, or other dependents of a person in military service, except upon leave of court granted upon application therefor or granted in an action or proceeding affecting the right of possession.

(2) On any such application or in any such action the court may, in its discretion, on its own motion, and shall, on application, unless in the opinion of the court the ability of the tenant to pay the agreed rent is not materially affected by reason of such military service, stay the proceedings for not longer than three months, as provided in this Act, or it may make such other order as may be just. Where such stay is granted or other order is made by the court, the owner of the premises shall be entitled, upon application therefor, to relief in respect of such premises similar to that granted persons in military service in sections 301, 302, and 500 of this Act to such extent and for such period as may appear to the court to be just.

(3) Any person who shall knowingly take part in any eviction or distress otherwise than as provided in subsection (1) hereof, or attempts so to do, shall be guilty of a misdemeanor, and shall be punishable by imprisonment not to exceed one year or by fine not to exceed \$1,000, or both.

(4) The Secretary of the Army, the Secretary of the Navy, or the Secretary of the Treasury with respect to the Coast Guard, as the case may be, is hereby empowered, subject to such regulations as he may prescribe, to order an allotment of the pay of a person in military service in reasonable proportion to discharge the rent of premises

occupied for dwelling purposes by the wife, children, or other dependents of such person.

SEC. 301 (50 Appendix U. S. C. 531). (1) No person who has received, or whose assignee has received, under a contract for the purchase of real or personal property, or of lease or bailment with a view to purchase of such property, a deposit or installment of the purchase price, or a deposit or installment under the contract, lease, or bailment, from a person or from the assignee of a person who, after the date of payment of such deposit or installment, has entered military service, shall exercise any right or option under such contract to rescind or terminate the contract or resume possession of the property for non-payment of any installment thereunder due or for any other breach of the terms thereof occurring prior to or during the period of such military service, except by action in a court of competent jurisdiction.

(2) Any person who shall knowingly resume possession of property which is the subject of this section otherwise than as provided in subsection (1) of this section or in section 107, or attempts so to do, shall be guilty of a misdemeanor and shall be punished by imprisonment not to exceed one year or by fine not to exceed \$1,000 or both.

(3) Upon the hearing of such action the court may order the repayment of prior installments or deposits or any part thereof, as a condition of terminating the contract and resuming possession of the property, or may, in its discretion, on its own motion, and shall, on application to it by such person in military service or some person on his behalf, order a stay of proceedings as provided in this Act unless, in the opinion of the court, the ability of the defendant to comply with the terms of the contract is not materially affected by reason of such service; or it may make such other disposition of the case as may be equitable to conserve the interest of all parties.

SEC. 302 (50 Appendix U. S. C. 532). The provisions of this section shall apply only to obligations secured by mortgage, trust deed, or other security in the nature of a mortgage upon real or personal property owned by a person in military service at the commencement of the period of the military service and still so owed by him which obligations originated prior to such person's period of military service.

(2) In any proceedings commenced in any court during the period of military service to enforce such obligation arising out of nonpayment of any sum thereunder due or out of any other breach of the terms thereof occurring prior to or during the period of such service the court may, after hearing, in its discretion, on its own motion, and shall, on application to it by such person in military service or some person on his behalf, unless in the opinion of the court the ability of the defendant to comply with the terms of the obligation is not materially affected by reason of his military service—

(a) stay the proceedings as provided in this Act; or

(b) make such other disposition of the case as may be equitable to conserve the interests of all parties.

(3) No sale, foreclosure, or seizure of property for nonpayment of any sum due under any such obligation, or for any other breach of the terms thereof, whether under a power of sale, under a judgment entered upon warrant of attorney to confess judgment contained therein, or otherwise, shall be valid if made after the date of enactment of the Soldiers' and Sailors' Civil Relief Act Amendments of 1942 and during the period of military service or within three months thereafter, except pursuant to an agreement as provided in section 107, unless upon an order previously granted by the court and a return thereto made and approved by the court.

(4) Any person who shall knowingly make or cause to be made any sale, foreclosure, or seizure of property, defined as invalid by subsection (3) hereof, or attempts so to do, shall be guilty of a misdemeanor and shall be punished by imprisonment not to exceed one year or by fine not to exceed \$1,000, or both.

SEC. 303 (50 Appendix U. S. C. 533). Where a proceeding to foreclose a mortgage upon or to resume possession of personal property, or to rescind or terminate a contract for the purchase thereof, has been stayed as provided in this Act, the court may, unless in its opinion an undue hardship would result to the dependents of the person in military service, appoint three disinterested parties to appraise the property and, based upon the report of the appraisers, order such sum, if any, as may be just, paid to the person in military service or his dependent, as the case may be, as a condition of foreclosing the mortgage, resuming possession of the property, or rescinding or terminating the contract.

SEC. 304 (50 Appendix U. S. C. 534). (1) The provisions of this section shall apply to any lease covering premises occupied for dwelling, professional, business, agricultural, or similar purposes in any case in which (a) such lease was executed by or on the behalf of a person who, after the execution of such lease, entered military service, and (b) the premises so leased have been occupied for such purposes, or for a combination of such purposes, by such person or by him and his dependents.

(2) Any such lease may be terminated by notice in writing delivered to the lessor (or his grantee) or to the lessor's (or his grantee's) agent by the lessee at any time following the date of the beginning of his period of military service. Delivery of such notice may be accomplished by placing it in an envelope properly stamped and duly addressed to the lessor (or his grantee) or to the lessor's (or his grantee's) agent and depositing the notice in the United States mails. Termination of any such lease providing for monthly payment of rent shall not be effective until thirty days after the first date on which the next rental payment is due and payable subsequent to the date when such notice is delivered or mailed. In the case of all other leases, termination shall be effected on the last day of the month following the month in which such notice is delivered or mailed and in such case any unpaid rental for a period preceding termination shall be proratably computed and any rental paid in advance for a period succeeding termination shall be refunded by the lessor (or his assignee). Upon application by the lessor to the appropriate court prior to the termination period provided for in the notice, any relief granted in this subsection shall be subject to such modifications or restrictions as in the opinion of the court justice and equity may in the circumstances require.

(3) Any person who shall knowingly seize, hold, or detain the personal effects, clothing, furniture, or other property, of any person who has lawfully terminated a lease covered by this section, or in any manner interfere with the removal of such property from the premises covered by such lease, for the purpose of subjecting or attempting to subject any of such property to a claim for rent accruing subsequent to the date of termination of such lease, or attempts so to do, shall be guilty of a misdemeanor and shall be punished by imprisonment, not to exceed one year or by fine not to exceed \$1,000, or both.

SEC. 305 (50 Appendix U. S. C. 535). (1) Where any life insurance policy on the life of a person in military service has been assigned prior to such person's period of military service to secure the payment of any obliga-

tion of such person, no assignee of such policy (except the insurer in connection with a policy loan) shall, during the period of military service of the insured or within one year thereafter, except upon the consent in writing of the insured made during such period or when the premiums thereon are due and unpaid or upon the death of the insured, exercise any right or option by virtue of such assignment unless upon leave of court granted upon an application made therefor by such assignee. The court may thereupon refuse to grant such leave unless in the opinion of the court the ability of the obligor to comply with the terms of the obligation is not materially affected by reason of his military service. For the purpose of this subsection premiums which are guaranteed under the provisions of article IV of this Act shall not be deemed to be due and unpaid.

(2) No person shall exercise any right to foreclose or enforce any lien for storage of household goods, furniture, or personal effects of a person in military service during such person's period of military service and for three months thereafter except upon an order previously granted by a court upon application therefor and a return

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thereto made and approved by the court. In such proceeding the court may, after hearing, in its discretion, on its own motion, and shall, on application to it by such person in military service or some person on his behalf, unless in the opinion of the court the ability of the defendant to pay the storage charges due is not materially affected by reason of his military service—

- (a) stay the proceedings as provided in this Act; or
- (b) make such other disposition of the case as may be equitable to conserve the interest of all parties.

The enactment of the provisions of this subsection shall not be construed in any way as affecting or as limiting the scope of section 302 of this Act.

(3) Any person who shall knowingly take any action contrary to the provisions of this section, or attempts so to do, shall be guilty of a misdemeanor and shall be punished by imprisonment not to exceed one year or by fine not to exceed \$1,000 or both.

SEC. 306 (50 Appendix U. S. C. 536). Dependents of a person in military service shall be entitled to the benefits accorded to persons in military service under the provisions of this article upon application to a court therefor, unless in the opinion of the court the ability of such dependents to comply with the terms of the obligation, contract, lease, or bailment has not been materially impaired by reason of the military service of the person upon whom the applicants are dependent.

Article IV.—Insurance

SEC. 400 (50 Appendix U. S. C. 540). As used in this article—

(a) The term "policy" shall include any contract of life insurance or policy on a life, endowment, or term plan, including any benefit in the nature of life insurance arising out of membership in any fraternal or beneficial association, which does not provide for the payment of any sum less than the face value thereof or for the payment of an additional amount as premiums if the insured engages in the military service of the United States as defined in section 101 of article I of this Act or which does not contain any limitation or restriction upon coverage relating to engagement in or pursuit of certain types of activities which a person might be required to engage in by virtue of his being in such military service, and (1) which is in force on a premium-paying basis at the time of application for benefits hereunder, and (2) which was made and a premium paid thereon before the date of enactment of the Soldiers' and Sailors' Civil Relief Act Amendments of 1942 or not less than one hundred and eighty days¹ before the date the insured entered into the military service. The provisions of this Act shall not be applicable to policies or contracts of life insurance issued under the War Risk Insurance Act, as amended, the World War Veterans Act, as amended, or the National Service Life Insurance Act of 1940, as amended.

(b) The term "premium" shall include the amount specified in the policy as the stipend to be paid by the insured at regular intervals during the period therein stated.

(c) The term "insured" shall include any person in the military service of the United States as defined in section 101, article I, of this Act, whose life is insured under and who is the owner and holder of and has an interest in a policy as above defined.

(d) The term "insurer" shall include any firm, corporation, partnership, or association chartered or authorized to engage in the insurance business and to issue a policy as above defined by the laws of a State of the United States or the United States.

SEC. 401 (Appendix U. S. C. 541). The benefits and

¹ Increased from 30 to 180 days by Public Law 697, 84th Cong. July 11, 1956.

privileges of this article shall apply to any insured, when such insured, or a person designated by him, or, in case the insured is outside the continental United States (excluding Alaska and the Panama Canal Zone), a beneficiary, shall make written application for protection under this article, unless the Administrator of Veterans' Affairs in passing upon such application as provided in this article shall find that the policy is not entitled to protection hereunder. The Veterans' Administration shall give notice to the military and naval authorities of the provisions of this article, and shall include in such notice an explanation of such provisions for the information of those desiring to make application for the benefits thereof. The original of such application shall be sent by the insured to the insurer, and a copy thereof to the Veterans' Administration. The total amount of insurance on the life of one insured under policies protected by the provisions of this article shall not exceed \$10,000. If an insured makes application for protection of policies on his life totaling insurance in excess of \$10,000, the Administrator is authorized to have the amount of insurance divided into two or more policies so that the protection of this article may be extended to include policies for a total amount of insurance not to exceed \$10,000, and a policy which affords the best security to the Government shall be given preference.

SEC. 402 (50 Appendix U. S. C. 542). Any writing signed by the insured and identifying the policy and the insurer, and agreeing that his rights under the policy are subject to and modified by the provisions of this article, shall be sufficient as an application for the benefits of this article, but the Veterans' Administration may require the insured and insurer to execute such other forms as may be deemed advisable. Upon receipt of the application of the insured the insurer shall furnish such report to the Veterans' Administration concerning the policy as shall be prescribed by regulations. The insured who has made application for protection under this article and the insurer shall be deemed to have agreed to such modification of the policy as may be required to give this article full force and effect with respect to such policy.

SEC. 403 (50 Appendix U. S. C. 543). The Administrator of Veterans' Affairs shall find whether the policy is entitled to protection under this article and shall notify the insured and the insurer of such finding. Any policy found by the Administrator of Veterans' Affairs to be entitled to protection under this article shall not, subsequent to date of application, and during the period of military service of the insured or during two years after the expiration of such service, lapse or otherwise terminate or be forfeited for the nonpayment of a premium becoming due and payable, or the nonpayment of any indebtedness or interest.

SEC. 404 (50 Appendix U. S. C. 544). No dividend or other monetary benefit under a policy shall be paid to an insured or used to purchase dividend additions while a policy is protected by the provisions of this article except with the consent and approval of the Veterans' Administration. If such consent is not procured, such dividends or benefits shall be added to the value of the policy to be used as a credit when final settlement is made with the insurer. No cash value, loan value, or withdrawal of dividend accumulation, or unearned premium, or other value of similar character shall be available to the insured while the policy is protected under this article except upon approval by the Veterans' Administration. The insured's right to change a beneficiary designation or select an optional settlement for a beneficiary shall not be affected by the provisions of this article.

SEC. 405 (50 Appendix U. S. C. 545). In the event of maturity of a policy as a death claim or otherwise before the expiration of the period of protection under the pro-

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visions of this article, the insurer in making settlement will deduct from the amount of insurance the premiums guaranteed under this article, together with interest thereon at the rate fixed in the policy for policy loans. If no rate of interest is specifically fixed in the policy, the rate shall be the rate fixed for policy loans in other policies issued by the insurer at the time the policy brought under the Act was issued. The amount deducted by reason of the protection afforded by this article shall be reported by the insurer to the Administrator of Veterans' Affairs.

SEC. 406 (50 Appendix U. S. C. 546). Payment of premiums and interest thereon at the rate specified in section 405 hereof becoming due on a policy while protected under the provisions of this article is guaranteed by the United States, and if the amount so guaranteed is not paid to the insurer prior to the expiration of the period of insurance protection under this article, the amount then due shall be treated by the insurer as a policy loan on such policy, but if at the expiration of said period the cash surrender value is less than the amount then due, the policy shall then cease and terminate and the United States shall pay the insurer the difference between such amount and the cash surrender value. The amount paid by the United States to an insurer on account of applications approved under the provisions of this article as amended, shall become a debt due to the United States by the insured on whose account payment was made and, notwithstanding any other Act, such amount may be collected either by deduction from any amount due said insured by the United States or as otherwise authorized by law. Any moneys received as repayment of debts incurred under this article, as originally enacted and as amended, shall be credited to the appropriation for the payment of claims under this article.

SEC. 407 (50 Appendix U. S. C. 547). The Administrator of Veterans' Affairs is hereby authorized and directed to provide by regulations for such rules of procedure and forms as he may deem advisable in carrying out the provisions of this article. The findings of fact and conclusions of law made by the Administrator of Veterans' Affairs in administering the provisions of this article shall be final, and shall not be subject to review by any other official or agency of the Government.

SEC. 408 (50 Appendix U. S. C. 548). (1) The provisions of this article in force immediately prior to the enactment of the Soldiers' and Sailors' Civil Relief Act amendments of 1942 (hereinafter in this section called "such provisions") shall remain in full force and effect with respect to all valid applications for protection executed prior to the date of enactment of the Soldiers' and Sailors' Civil Relief Act amendments of 1942 and all policies to which such applications pertain shall continue to be entitled to the protection granted thereby.

(2) Any insurer under a policy accepted under such provisions shall, subject to the approval of the Administrator of Veterans' Affairs and upon complete surrender by it to the United States, within ninety days after the date of enactment of the Soldiers' and Sailors' Civil Relief Act amendments of 1942, of all certificates issued in accordance with such provisions together with all right to payment thereunder, be entitled to the guarantee of unpaid premiums and interest thereon and the mode of settle-

ment for such policies as provided by this article, as amended. The privileges and benefits granted by the foregoing sentence shall be in lieu of the method of settlement, and the requirement for accounts and reports prescribed by such provisions. In the event any such insurer fails to surrender within the said ninety days all such certificates and rights to payment, the accounts, reports, and settlements required to be made by such insurer under such provisions shall continue to be made as required and shall be governed by such provisions.

Article V.—Taxes and Public Lands

SEC. 500 (50 Appendix U. S. C. 560). (1) The provisions of this section shall apply when any taxes or assessments, whether general or special (other than taxes on income), whether falling due prior to or during the period of military service, in respect of personal property, money, or credits, or real property owned and occupied for dwelling, professional, business, or agricultural purposes by a person in military service or his dependents at the commencement of his period of military service and still so occupied by his dependents or employees are not paid.

(2) No sale of such property shall be made to enforce the collection of such tax or assessment, or any proceeding or action for such purpose commenced, except upon leave of court granted upon application made therefor by the collector of taxes or other officer whose duty it is to enforce the collection of taxes or assessments. The court thereupon, unless in its opinion the ability of the person in military service to pay such taxes or assessments is not materially affected by reason of such service, may stay such proceedings or such sale, as provided in this Act, for a period extending not more than six months after the termination of the period of military service of such person.

(3) When by law such property may be sold or forfeited to enforce the collection of such tax or assessment, such person in military service shall have the right to redeem or commence action to redeem such property, at any time not later than six months after the termination of such service, but in no case later than six months after the date when this Act ceases to be in force; but this shall not be taken to shorten any period, now or hereafter provided by the laws of any State or Territory for such redemption.

(4) Whenever any tax or assessment shall not be paid when due, such tax or assessment due and unpaid shall bear interest until paid at the rate of 6 per centum per annum, and no other penalty or interest shall be incurred by reason of such nonpayment. Any lien for such unpaid taxes or assessment shall also include such interest thereon.

SEC. 501 (50 Appendix U. S. C. 561). (1) No right to any lands owned or controlled by the United States initiated or acquired under any laws of the United States, including the mining and mineral leasing laws, by any person prior to entering military service shall during the period of such service be forfeited or prejudiced by reason of his absence from the land or his failure to perform any work or make any improvements thereon or his failure to do any other act required by or under such laws.

(2) If a permittee or licensee under the Act of June 28, 1934 (48 Stat. 1269), enters military service, he may elect to suspend his permit or license for the period of his military service and six months thereafter, and the Secretary

of the Interior by regulations shall provide for such suspension of permits and licenses and for the remission, reduction, or refund of grazing fees during such suspension.

(3) This section shall not be construed to control specific requirements contained in this article.

SEC. 502 (50 Appendix U. S. C. 562). If any person whose application for a homestead entry has been allowed or who has made application for homestead entry which may thereafter be allowed, after such entry or application enters military service, or if any person who has a valid settlement claim enters military service, the Department of the Interior shall construe his military service to be equivalent to residence and cultivation upon the tract entered or settled upon for the period of such service. From the effective date of this Act no contest shall be initiated on the ground of abandonment and no allegation of abandonment shall be sustained against any such person, unless it shall be alleged in the preliminary affidavit or affidavits of contest and proved at the hearing in cases initiated subsequent to the effective date of this Act that the alleged absence from the land was not due to such military service. If such person is discharged on account of wounds received or disability incurred in the line of duty, the term of his enlistment and any period of hospitalization due to such wounds or disability shall be deducted from the required length of residence, without reference to the time of actual service. No patent shall issue to any such person who has not resided upon, improved and cultivated his homestead for a period of at least one year.

SEC. 503 (50 Appendix U. S. C. 563). (1) If any person whose application for a homestead entry has been allowed or who has made application for homestead entry which may thereafter be allowed or who has a valid settlement claim dies while in military service or as a result of such service, his widow, if unmarried, or in the case of her death or marriage, his minor children, or his or their legal representatives, may proceed forthwith to make final proof upon such entry or upon an application which is allowed after the applicant's death, or upon a homestead application thereafter allowed based on a valid settlement claim, and shall be entitled to receive a patent for such land. The death of such person while in military service or as a result of such service shall be construed to be equivalent to a performance of all requirements as to residence and cultivation upon such homestead or claim, notwithstanding the provisions of section 502 of this Act.

(2) If such person is honorably discharged and because of physical incapacities due to such service is unable to return to the land, he may make final proof without further residence, improvement, or cultivation, at such time and place as the Secretary of the Interior may authorize, and receive a patent to the land entered.

(3) The Act of July 28, 1917 (40 Stat. 248), is repealed.

SEC. 504 (50 Appendix U. S. C. 564). (1) No desert-land entry made or held under the desert-land laws prior to the entrance of the entryman or his successor in interest into military service shall be subject to contest or cancellation for failure to make or expend the sum of \$1 per acre per year in improvements upon the claim or to effect the reclamation of the claim during the period the entryman or his successor in interest is engaged in military service or during a period of six months thereafter or during any period of hospitalization because of wounds or disability incurred in the line of duty. The time within which such entryman or claimant is required to make such expenditures and effect reclamation of the land shall be exclusive of his period of service and the six-months' period and any such period of hospitalization.

(2) If such entryman or claimant is honorably discharged and because of physical incapacities due to such service is unable to accomplish reclamation of, and payment for, the land, he may make proof without further reclamation or payments under such rules as the Secretary of the Interior may prescribe and receive patent for the land entered or claimed.

(3) In order to obtain the benefits of this section, such entryman or claimant shall, within six months after the effective date of this Act or within six months after his entrance into military service, file or cause to be filed in the land office of the district in which his claim is situated a notice that he has entered military service and that he desires to hold the desert claim under this section.

SEC. 505 (50 Appendix U. S. C. 565). (1) The provisions of section 2324 of the Revised Statutes of the United States, which require that on each mining claim located after May 10, 1872, and until patent has been issued therefor not less than \$100 worth of labor shall be performed or improvements made during each year, shall not apply during the period of his service, or until six months after the termination of such service, or during any period of hospitalization because of wounds or disability incurred in line of duty, to claims or interests in claims which are owned by a person in military service and which have been regularly located and recorded. No mining claim or any interest in a claim which is owned by such a person and which has been regularly located and recorded shall be subject to forfeiture by nonperformance of the annual assessments during the period of such military service, or until six months after the termination of such service or of such hospitalization.

(2) In order to obtain the benefits of this section, the claimant of any mining location shall, before the expiration of the assessment year during which he enters military service, file or cause to be filed in the office where the location notice or certificate is recorded a notice that he has entered such service and that he desires to hold his mining claim under this section.

SEC. 506 (50 Appendix U. S. C. 566). Any person holding a permit or lease on the public domain under the Federal mineral leasing laws who enters military service may, at his election, suspend all operations under his permit or lease for a period of time equivalent to the period of his military service and six months thereafter. The term of the permit or lease shall not run during such period of suspension nor shall any rentals or royalties be charged against the permit or lease during the period of suspension.

(2) In order to obtain the benefit of this section, such permittee or lessee shall, within six months after the effective date of this Act, or six months after his entrance into military service, notify the Bureau of Land Management by registered mail of his entrance into such service and of his desire to avail himself of the benefits of this section.

(3) This section shall not be construed to supersede the terms of any contract for operation of a permit or lease.

SEC. 507 (50 Appendix U. S. C. 567). Nothing in this article shall be construed to limit or affect the right of a person in military service to take any action during his period of service which may be authorized by law or the regulations of the Department of the Interior for the perfection, defense, or further assertion of rights initiated or acquired prior to the date of entering military service. It shall be lawful for any person which in such service to make any affidavit or submit any proof which may be required by law or the practice or regulations of the Bureau of Land Management in connection with the entry, perfection, defense, or further assertion of any rights initiated or acquired prior to entering such service, before the

officer in immediate command and holding a commission in the branch of the service in which the person is engaged. Such affidavits shall be as binding in law and with like penalties as if taken before an officer designated by the Secretary of the Interior of a United States land office. The Secretary of the Interior may issue rules and regulations to effectuate the purposes of section 501 to 512, inclusive.

SEC. 508 (50 Appendix U. S. C. 568). The Secretary of the Interior is hereby authorized, in his discretion, to suspend as to persons in military service during the period while this Act remains in force and for a period of six months thereafter or during any period of hospitalization because of wounds or disability incurred in line of duty that provision of the act known as the "Reclamation Act" requiring residence upon lands in private ownership or within the neighborhood for securing water for the irrigation of the same, and he is authorized to permit the use of available water thereon upon such terms and conditions as he may deem proper.

SEC. 509 (50 Appendix U. S. C. 569). The Secretary of the Interior shall issue through appropriate military and naval channels a notice for distribution by appropriate military and naval authorities to persons in the military service explaining the provisions of this article except as to sections 500, 513, and 514 hereof and shall furnish forms to be distributed in like manner to those desiring to make application for its benefits, except as to said sections.

SEC. 510 (50 Appendix U. S. C. 570). (1) During the pendency of any war in which the United States may be engaged while this Act remains in force any homestead entryman shall be entitled to a leave of absence from his entry for the purpose of performing farm labor. The time actually spent in farm labor shall be counted as constructive residence, if within fifteen days after leaving his entry to engage in such labor the entryman files a notice of absence in the land office of the district in which his entry is situated, and if at the expiration of the calendar year the entryman files in that office a written statement under oath and corroborated by two witnesses giving the date or dates when he left his entry, the date or dates of his return, and the place where and person for whom he was engaged in farm labor during such period or periods of absence.

(2) Nothing in this section shall excuse any homestead entryman from making improvements or performing the cultivation upon his entry required by law. The provisions of this section shall apply only to persons whose applications have been allowed or filed prior to the effective date of this Act.

SEC. 511 (50 Appendix U. S. C. 571). Any person under the age of twenty-one who serves in the military service while this Act remains in force shall be entitled to the same rights under the laws relating to lands owned or controlled by the United States, including the mining and mineral leasing laws, as those over twenty-one now possess under such laws. Any requirements as to establishment of residence within a limited time shall be suspended as to entry by such person until six months after his discharge from military service. Applications for entry may be verified before any officer in the United States or any foreign country authorized to administer oaths by the laws of the State or Territory in which the land may be situated.

SEC. 512 (50 Appendix U. S. C. 572). Citizens of the United States who serve with the forces of any nation with which the United States may be allied in the prosecution of any war in which the United States engages while this Act remains in force shall be entitled to the relief and benefits afforded by sections 501 to 511, inclusive, if such service is similar to military service as defined in this Act,

and if they are honorably discharged and resume United States citizenship or die in the service of the allied forces or as a result of such service.

SEC. 513 (50 Appendix U. S. C. 573). The collection from any person in the military service of any tax on the income of such person, whether falling due prior to or during his period of military service, shall be deferred for a period extending not more than six months after the termination of his period of military service if such person's ability to pay such tax is materially impaired by reason of such service. No interest on any amount of tax, collection of which is deferred for any period under this section, and no penalty for nonpayment of such amount during such period, shall accrue for such period of deferment by reason of such nonpayment. The running of any statute of limitations against the collection of such tax by distraint or otherwise shall be suspended for the period of military service of any individual the collection of whose tax is deferred under this section, and for an additional period of nine months beginning with the day following the period of military service. The provisions of this section shall not apply to the income tax on employees imposed by section 1400 of the Federal Insurance Contributions Act.

SEC. 514 (50 Appendix U. S. C. 574). (1) For the purposes of taxation in respect of any person, or of his personal property, income, or gross income, by any State, Territory, possession, or political subdivision of any of the foregoing, or by the District of Columbia, such person shall not be deemed to have lost a residence or domicile in any State, Territory, possession, or political subdivision of any of the foregoing, or in the District of Columbia, solely by reason of being absent therefrom in compliance with military or naval orders, or to have acquired a residence or domicile in, or to have become resident in or a resident of, any other State, Territory, possession, or political subdivision of any of the foregoing, or the District of Columbia, while, and solely by reason of being, so absent. For the purposes of taxation in respect of the personal property, income, or gross income of any such person by any State, Territory, possession, or political subdivision of any of the foregoing, or the District of Columbia, of which such person is not a resident or in which he is not domiciled, compensation for military or naval service shall not be deemed income for services performed within, or from sources within, such State, Territory, possession, political subdivision, or District, and personal property shall not be deemed to be located or present in or to have a situs for taxation in such State, Territory, possession, or political subdivision, or district: *Provided*, That nothing contained in this section shall prevent taxation by any State, Territory, possession, or political subdivision of any of the foregoing, or the District of Columbia in respect of personal property used in or arising from a trade or business, if it otherwise has jurisdiction. This section shall be effective as of September 8, 1939, except that it shall not require the crediting or refunding of any tax paid prior to October 6, 1942.

(2) When used in this section, (a) the term "personal property" shall include tangible and intangible property (including motor vehicles), and (b) the term "taxation" shall include but not be limited to licenses, fees, or excises imposed in respect to motor vehicles or the use thereof: *Provided*, That the license, fee, or excise required by the State, Territory, possession or District of Columbia of which the person is a resident or in which he is domiciled has been paid.

Article VI.—Administrative Remedies

Sec. 600 (50 Appendix U. S. C. 580). Where in any proceeding to enforce a civil right in any court it is made to

appear to the satisfaction of the court that any interest, property, or contract has since the date of the approval of this Act been transferred or acquired with intent to delay the just enforcement of such right by taking advantage of this Act, the court shall enter such judgment or make such order as might lawfully be entered or made, the provisions of this Act to the contrary notwithstanding.

Sec. 601 (50 Appendix U. S. C. 581). (1) In any proceeding under this Act a certificate signed by The Adjutant General of the Army as to persons in the Army or in any branch of the United States service while serving pursuant to law with the Army of the United States, signed by the Chief of Naval Personnel as to persons in the United States Navy or in any branch of the United States service while serving pursuant to law with the United States Navy, and signed by the Commandant, United States Marine Corps, as to persons in the Marine Corps, or in any other branch of the United States service while serving pursuant to law with the Marine Corps, or signed by an officer designated by any of them, respectively, for the purpose, shall when produced be *prima facie* evidence as to any of the following facts stated in such certificate:

That a person named has been, or is, or has been in military service; the time when and the place where such person entered military service, his residence at that time, and the rank, branch, and unit of such service that he entered, the dates within which he was in military service, the monthly pay received by such person at the date of issuing the certificate, the time when and the place where such person died in or was discharged from such service.

(2) It shall be the duty of the foregoing officers to furnish such certificate on application, and any such certificate when purporting to be signed by any one of such officers or by any person purporting upon the face of the certificates to have been so authorized shall be *prima facie* evidence of its contents and of the authority of the signer to issue the same.

(3) Where a person in military service has been reported missing he shall be presumed to continue in the service until accounted for, and no period herein limited which begins or ends with the death of such person shall begin or end until the death of such person is in fact reported to or found by the Department of the Army or Navy, or any court, or board thereof, or until such death is found by a court of competent jurisdiction: *Provided*, That no period herein limited which begins or ends with the death of such person shall be extended hereby beyond a period of six months after the time when this Act ceases to be in force.

Sec. 602 (50 Appendix U. S. C. 582). Any interlocutory order made by any court under the provisions of this Act may, upon the court's own motion or otherwise, be revoked, modified, or extended by it upon such notice to the parties affected as it may require.

Sec. 603 (50 Appendix U. S. C. 583). If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

Sec. 604 (50 Appendix U. S. C. 584). This Act shall remain in force until May 15, 1945: *Provided*, That should the United States be then engaged in a war, this Act shall remain in force until such war is terminated by a treaty of peace proclaimed by the President and for six months thereafter: *Provided further*, That wherever under any section or provision of this Act a proceeding, remedy, privilege, stay, limitation, accounting, or other transaction

has been authorized or provided with respect to military service performed prior to the date herein fixed for the termination of this Act, such section or provision shall be deemed to continue in full force and effect so long as may be necessary to the exercise or enjoyment of such proceeding, remedy, privilege, stay limitation, accounting, or other transaction.

Sec. 605 (50 Appendix U. S. C. 585). The provisions of section 4 of the joint resolution approved August 27, 1940 (Public Resolution Numbered 96, Seventy-sixth Congress), and the provisions of section 13 of the Selective Training and Service Act of 1940, shall not be applicable with respect to any military service performed after the date of enactment of this Act.

Article VII.—Further Relief

Sec. 700 (50 Appendix U. S. C. 590). (1) A person may, at any time during his period of military service or within six months thereafter, apply to a court for relief in respect of any obligation or liability incurred by such person prior to his period of military service or in respect of any tax or assessment whether falling due prior to or during his period of military service. The court, after appropriate notice and hearing, unless in its opinion the ability of the applicant to comply with the terms of such obligation or liability or to pay such tax or assessment has not been materially affected by reason of his military service, may grant the following relief:

(a) In the case of an obligation payable under its terms in installments under a contract for the purchase of real estate, or secured by a mortgage or other instrument in the nature of a mortgage upon real estate, a stay of the enforcement of such obligation during the applicant's period of military service and, from the date of termination of such period of military service or from the date of application if made after such service, for a period equal to the period of the remaining life of the installment contract or other instrument plus a period of time equal to the period of military service of the applicant, or any part of such combined period, subject to payment of the balance of principal and accumulated interest due and unpaid at the date of termination of the period of military service or from the date of application, as the case may be, in equal installments during such combined period at such rate of interest on the unpaid balance as is prescribed in such contract, or other instrument evidencing the obligation, for installments paid when due, and subject to such other terms as may be just.

(b) In the case of any other obligation, liability, tax, or assessment, a stay of the enforcement thereof during the applicant's period of military service and, from the date of termination of such period of military service or from the date of application if made after such service, for a period of time equal to the period of military service of the applicant or any part of such period, subject to payment of the balance of principal and accumulated interest due and unpaid at the date of termination of such period of military service or the date of application, as the case may be, in equal periodic installments during such extended period at such rate of interest as may be prescribed for such obligation, liability, tax, or assessment, if paid when due, and subject to such other terms as may be just.

(2) When any court has granted a stay as provided in this section no fine or penalty shall accrue during the period the terms and conditions of such stay are complied with by reason of failure to comply with the terms or conditions of the obligation, liability, tax, or assessment in respect of which such stay was granted. •

Debt Counseling — Whose Responsibility?

RICHARD K. STEINMAN

President, Little Loans Corporation, Phoenix Arizona

President, National Consumer Finance Association

YOU HAVE HEARD about the fellow who said, "What do I care about expenses, I've got lots of them!" That is the reason I feel I am particularly well qualified to talk on this subject of debt. For I have practically made a career out of accumulating debts. It all started when I was seven years old, and asked to borrow a penny from my grandmother. My mother, who was a school teacher, overheard my proposition and quickly, and emphatically, made sure, then and there, I learned the difference between the words "borrow" and "give"!

Since I "managed" to pay the penny back to my grandmother, I learned then, also, that debt, as such, was not necessarily bad. It was simply a matter of whether you managed it or it managed you.

All of us know that by far the majority of consumers do manage their debts, and well . . . that they are financially solvent and healthy. The average American housewife has become noted for being a good credit manager, for practicing restraint in buying, for tightening her belt, when necessary, to pay what she owes.

Still, debt problems do exist, will always exist. True, it is only in a relatively small percentage of credit-using families they become acute or are chronic. Yet to those few—such debt problems are dead serious, often critical.

Where can they turn when job, home, or equities in assets are threatened? Is bankruptcy the answer to protecting themselves? Can they borrow their way out? Would a commercial debt-adjustor help? Or should they just run

away? These are the questions such distraught debtors ask themselves.

Four years ago, in Phoenix, we observed an increase in the number of problem cases, including garnishments and bankruptcies; several gyp-type pro-raters were flourishing. A small group, principally consumer finance men, decided to provide debtors a new source of advice and help as an alternate to either bankruptcy or the commercial pro-rater. We felt that to merely outlaw pro-rater operations—as we had been asked to help bring about—would not solve a single debtors problem, and many really needed help. We had self-interest, to be sure. Our public relations were suffering . . . our collections were tougher to control. But these men believed that this self-interest was an enlightened one which could be converted to the benefit of the entire community.

A Non-Profit Agency

After a year of research, study and planning, an organization we call Family Debt Counselors was incorporated as a non-profit agency and began operations as specialists in the family-money-management field.

This agency is open to all. It will counsel anyone who has a debt or money problem regardless of the source from which they come, i.e. whether they are referred by a creditor, an employer, an attorney, the Legal Aid Society, or others. Nor does it matter whether their problem was caused by misfortune or mismanagement. We try to help. The expressed purposes of the agency are two-fold:

One, to help people who have

debt problems. This is done by advice and counsel on how to plan and get out of debt, or, in acute cases, by fostering handling their funds, paying their debts, and teaching budgeting.

Two, to help people avoid debt problems. This is done by fostering education on the wise and unwise use of credit and by making materials and speakers on the subject available.

Since there were no roadmaps to go by—either as to setup, structure, policy or procedure, it was necessary to "evolve" all these. Now, after three years of operation, the pattern and policies are fairly well set—although progressive changes are still made when called for.

Even before the formal organization began, we had held a series of small informal meetings with other interested groups, such as social service people, personnel directors of major plants, credit people, and others.

These meetings served as background for getting acceptance of our idea, and as a springboard for selecting our Board of Directors from widely diversified interests in the community, as well as providing it with broad professional experience.

Presently our Board consists of 23 top level people including: six consumer finance men, two social agency representatives (one a private agency, one a public), two attorneys, the Vice Presidents of two banks, a labor leader, the manager of the Credit Bureau, a newspaper man, the Better Business Bureau manager, an educator, a personnel director, a retailer, a sales finance man, and insurance man, a

representative of the State Banking Department, and an executive of the County Medical Society.

So you can see how deep and how broad our roots are in the total community. Our paid staff consists of the Managing Secretary, a capable executive-type mature woman; a clerk-typist, and a part time bookkeeper. They handle all the necessary calls for information and verifications, creditor contacts for extensions, duplication of debt schedules and distribution of them to creditors, record keeping, check writing, etc.

Volunteer Counselors

We have 80 volunteer counselors, mostly from the consumer finance, who handle the actual counseling, on their own time, at night, after the staff has completed the forms to give full information on clients income and outgo. They are assigned cases on a rotation basis, except that no counselor is permitted to handle a case in which his company is a creditor. Thus he can maintain complete objectivity in advising the client, or in working out a plan for liquidation.

As to our physical setup we have an office of approximately 500 square feet located in the Community Service Building, where many of the United Fund Agencies, including one of our biggest sources of referral, and Legal Aid Society, are located. We pay rent for this space, like all the other tenants. The space is adequate for not only staff and volunteer workers, but also provides desk space for clients to help the staff on the detail work in their own case.

In order to get the cooperation of creditors, employers and others, the board, shortly after our beginning, wisely established public policies governing our relationships in the community. Creditors needed assurance they would be treated fairly if a pro-rate arrangement became necessary. Employers wanted to know how things would be handled if they accepted a wage assignment. Agencies referring

clients wanted to be sure the standards of operation were professional, the advice unbiased. So these public policies served not only as guides for the staff and counselors, but let others know what they might expect in their contact with our agency. They went a long way in helping to get community acceptance—and in eliminating the suspicions which some had at the start that this was just another pro-rate outfit—or that it was some kind of a new and perhaps selfish scheme by the loan companies and banks—since they were then the only ones supporting it financially!

Another wise decision the board made in the beginning, was to establish a small fee schedule to be charged clients, as is being done more and more by social agencies. This is done to give the client a greater interest in helping themselves, and eliminate any "charity" stigma. Except in true hardship cases, when no fee is charged, a \$1.00 registration fee, the same as used by Legal Aid Society, is made. This is the only charge made in cases which involve counseling *only*—regardless of the number of counselings necessary. If it is necessary to set up a pro-rate arrangement an original fee of \$5.00 is charged, plus \$2.00 per month during the term of pro-rate. This, of course, does not begin to cover our cost, but is intended to help with out-of-pocket expense of duplicating, postage, and so on. But its real purpose is the psychological effect on the client. (I know some state laws will not permit any fees, but that is not the case in Arizona.) We have found the fee system effective, and accepted, by the community, as reasonable. It works out to be around 1 or 1 1/2 per year in the average pro-rate case. Last year the total of these fees collected from clients covered slightly over 10 per cent of our cost of operation. The other 90 per cent of our income came from the regular support of the members of the Phoenix Lenders Exchange, which, in Phoenix, includes both consumer

finance companies and banks, from contributions of a few other credit grantors. (We are hoping to get all to participate some day!) Recently, an unexpected contribution came from a large employer, whose industrial relations manager had sent several employees to the agency—and was apparently pleased with the result!

There are many facets of our Family Debt Counselors operation. But there are a couple of matters of viewpoint and attitude which may be of interest, especially to those of you who may have had occasion to counsel debtors, or even handle a pro-rate. Some, I am sure, have had much experience in these matters.

There is a great, and distinct, difference in the reception, and in co-operation, between handling such a case as an individual creditor—with an axe to grind—and handling one, with complete objectivity, as a community service agency. First the client is seeking help. You are not trying to figure out a way to collect your balance.

Second, since you are getting *no* compensation for your work or advice, and have *no* personal interest in the case—you need have no hesitancy in asking—and expecting—the client to help himself. This may mean his selling assets or sending back merchandise, if that is what is called for. It may mean having the employer send part or all of the paycheck to the agency in order to assure the client keeps his agreement with you and thus, yours with the creditors.

How To Treat Clients

Third, while you want to be understanding and tolerant, you do not need to—in fact should not—"coddle" the client. You tell him straight he got himself into debt—and he is the only one that can get himself out. The agency has no money to pay other people's debts. He probably slid in over a long period and he will have to get out over a long period. But that you can help him by completing a plan, by getting creditors cooperation.

NRCA Forms Do a Better Job

Age Analysis Blanks	\$11.00
Credit Application Blanks	10.00
Good Things of Life on Credit (Educational Booklet)	20.00
Stickers and Inserts	4.00
Soldiers' and Sailors' Civil Relief Act (Booklet)75 each
CREDIT WORLD Binders	3.50 each
N.R.C.A. Electros75 each
N.R.C.A. Membership Signs	1.00 each
Pay Promptly Advertising Campaign (18 mats)	3.00 each

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NATIONAL RETAIL CREDIT ASSOCIATION 375 JACKSON AVENUE

ST. LOUIS 30, MISSOURI

But it is up to him to pay and to forego further instalment purchases and to keep his word with you. And finally, that unless he is willing to accept your advice and carry out your recommendations—there is nothing the agency can do for him.

Our community debt counseling agency has been successful. Most debt problems can be solved without resorting to bankruptcy!

We have handled about 700 cases in three years, new ones are coming in at the rate of 30 or 40 per month—(we have had to avoid publicity as the staff could not process the detail). For the first two years only about one-fourth of all cases resulted in pro-rates . . . others were cured by counseling only. This has changed just during the past few months . . . now about one-half of new cases result in pro-rates. We are currently handling the funds for 150 families, distributing over \$35,000.00 per month.

We do have our problems, of course, similar to any volunteer agency . . . problems of training counselors . . . problems of keeping them interested and stimulated. (One day we may be able to hire full time counselors and eliminate these problems.) But our agency

has received a remarkable degree of acceptance and we have unsolicited testimonials from many quarters. One of our greatest champions has been organized labor in our area. The Bankruptcy Referee has suggested the agency's articles be changed to permit its appointment as Trustee in Chapter 13 cases. (This is being done.) We have many wonderful letters from clients, who have been helped.

But in spite of our successes to date, I doubt if we can ever expect to handle all of the debt problems in our community.

While the consumer credit industry in Phoenix, or a goodly segment of it, at least, has accepted the responsibility of trying to solve the problem cases, we must remember that we are working with the effects and not the causes.

Our effort in Phoenix, as successful as it may be, is still a curative one. What our community needs—and this may apply everywhere—is a preventive effort to teach people how to *avoid* debt problems, to teach them how to manage their debts rather than letting debts manage them!

And since the theme of this conference is "responsibility" . . . just whose responsibility is such preventive effort?

Undoubtedly, the consumer credit industry must accept the responsibility for trying to find better ways of preventing the overloading of consumers with debt; of controlling or eliminating the occasional near-sighted merchant who uses high-pressure or misleading methods. Both of these are causes of debt problems.

But what about some of the other causes? For instance; in case after case that comes to our agency for help, neither husband nor wife know what the total of their instalments are—nor how much they owe in total—nor even how much it costs them for essential living expenses, and thus how much they can afford to pay on debts. Nor are these only the uneducated (except uneducated in how to handle their money!)

Now, whose responsibility is it to teach budgeting, debt-and-money-management? The credit grantors? Perhaps partially, but certainly not primarily.

Being in debt has become a normal part of the way of life in America. Therefore, those whose job it is to teach us to understand the ways of life and how to get along with them, should accept this responsibility. I refer, of course, to the educators. I believe most of

you share that view. I am aware, to be sure, that some progress has already been made, but much is yet to be done.

But what about another common cause of debt problems which our agency deals with daily, and which may not be so simple to pinpoint the responsibility. I refer to over-reliance (in buying) upon abnormal or extra income, such as a wife's job, overtime, board from a son. While in a general sense this would be part of the education in money management — are there others who have some responsibility for curing this cause? Let me give you an actual example of why I raise this question.

One of the large copper companies in Arizona, with a normal five day work week, had been operating for several years at six days per week—the extra day at time and one half pay. Suddenly, when the price of copper fell, they cut back to a five day week. Boom! Overnight, the average worker's monthly pay was cut by over \$100! There went the car payment . . . or a lot of others!

My question, did the employer or the union have some responsibility at the time the company first went to an abnormal work week to caution the workers about not depending upon—not contracting for new purchases based on it? Did they have some responsibility to warn them when they knew the

market for copper was softening prior to the actual cutback?

Employers have a big stake in this matter of employee debt problems and their effect upon productivity, turnover, accident rate . . . even upon accounting! But what should they do about it?

Should they distribute material to employees explaining their policies on credit problems, garnishments, assignments . . . on how to use credit wisely? Should their bulletin boards carry messages—"Beware of the something-for-nothing deal"?

Should they hold special classes for young married couples? What responsibility do they have?

And what responsibility does the labor union have, in this connection? Since most of their workers are on hourly wages, with fluctuation in periodic income, they are more susceptible to debt problems. Some unions, recognizing this, have distributed booklets or held seminars which have included the subjects of budgeting, credit use.

There are, of course, many other causes of debt problems—and perhaps other groups who should accept the responsibility for preventing them. But these examples are sufficient to make my point—that this job of prevention is not the responsibility solely of the credit grantor.

But this much is sure. As consumer credit continues to grow, (as

it will) debt problems will increase in number. This will give the critics of credit—and of business—more excuse for pointing the finger of blame upon the credit grantor as the scoundrel, the one responsible!

And I predict this whole subject of debt problems—their causes and cures—will come into sharper focus, receive more and more attention from groups outside the industry.

Therefore, it is not only proper—but necessary in our own self interest, to accelerate efforts toward a better understanding by the consumer of the wise use of credit—the management of his money—with the goal of preventing debt problems from arising.

But, at the same time, recognizing there will always be consumers who are ill from overdoses of credit—we should also be prepared to provide the cure. That cure is, in my opinion, debt counseling—whether it is provided on a basis such as our community service plan in Phoenix or in some other effective way.

The consumer credit industry has the know-how to do this two-pronged job of prevention and cure. We have the vision to recognize our degree of responsibility in this connection; I hope we also feel the urgency for accelerated action and will provide the leadership toward that end.

N. R. C. A. Publications to Serve You Better

Retail Credit Fundamentals, 390 pages	\$5.00
Retail Credit Management, 477 pages	5.00
Important Steps in Retail Credit Operation, 76 pages	1.50
How to Write Good Credit Letters, 128 pages	2.25
Physicians and Dentists Credit and Collection Manual, 64 pages	2.00
Retail Collection Procedure and Effective Collection Letters, 80 pages	2.00
Retail Credit Sales Procedures and Letters, 80 pages	2.00
Hospital Credit and Collection Manual, 68 pages	2.00
Legal Aspects of Credits and Collections, 72 pages	2.50
Human Relations Fundamentals for Retail Credit Employees, 70 pages	2.50
How to Streamline Your Letters, 80 pages	2.50

NATIONAL RETAIL CREDIT ASSOCIATION
375 JACKSON AVENUE

ST. LOUIS 30, MISSOURI

"This Is Your Life," . . . A. J. Kruse

RUGGERI'S Famous Restaurant, St. Louis, Missouri was the scene of one of the most interesting and informative meetings ever held jointly by the Associated Retail Credit Men and Credit Bureau of St. Louis and the Credit Women's Breakfast Club of St. Louis. The occasion was to honor the founder and former manager of the Association, August J. Kruse.

At this occasion, attended by 87 members and friends, P. O. Greer, master of ceremonies said "It is fitting and proper that we, as credit granters, should pay homage to one who has had such an impact and played an important part in the formative years, and whom we all love and admire. We would like to say 'This is your life, August J. Kruse,' but as your life has had so many facets, we can explore but one of them tonight, suffice to say that your interests in civic, fraternal and church work are almost as important as your vocation. Everybody that has had the good fortune of having their paths cross yours, has been better for it. Like the candle that lights a thousand more candles and still glows as brightly as before, you have helped others and in so doing you have won the admiration of all.

"You are like the lamp lighter, no matter which way you go, you leave a lighted path and I am honored to have a part in honoring you as it gives me the opportunity to express publicly to you my sincere thanks for your help over these many years and to let you know in what esteem you are held.

"August J. Kruse was born March 7, 1888, attended public schools and on August 11, 1909 married Laura Norling. To this union was born three children, Virginia, now Mrs. Ralph Lacy, with whom he now lives, Norman, of Del Ray Beach, Florida, and Gladys, now Mrs. Charles Carl of Pierre, South Dakota. He was, for many years, chairman of the board of the Memorial Boulevard Christian Church, president of the Normandy School District for many years, when that area needed a dedicated man to help iron out their problems. He is past president of the Downtown Kiwanis Club and serves now as chairman of their welfare fund. When he was president, the club was the largest in Kiwanis International. He is a member of Mt. Moriah Lodge No. 40 AF&AM, and an active mem-

ber of Moolah Temple. An entire evening could be devoted to his efforts in any one of these activities.

"I would like to give a short synopsis of the history of the credit bureau. In 1913 six credit men, Clarence F. Jackson of Famous Barr Company, Sig. Wolfert of Stix, Baer and Fuller, William T. Snider of Scruggs Vandvoort and Barney, David J. Woodlock and two others got together and engaged Mr. Kruse. He was formerly a credit reporter. Later, as we will see, he was the father of the Associated Retail Credit Men and Credit Bureau of St. Louis. He served as Secretary of the National Retail Credit Association and was editor of *The CREDIT WORLD*, serving without pay as there were no funds available at that time. He is the dad of the Credit Women's Breakfast Club and is considered the dean of credit granters, not only in this area, but nationally as well."

Several old timers who were in the audience gave short talks about Gus. Those who spoke were: Ray R. Behrens, New London, Missouri; E. R. Horner, retired, Fenton, Missouri; Earl E. Paddon, Lammerts, past president, NRCA; Madelyn Crane, past president of the Credit Women's Breakfast Club talked for the first president of the club; Mary Alice Hayes, President, Credit Women's Breakfast Club; William F. Tobin, Manager of the Associated Retail Credit Men and Credit Bureau of St. Louis who paid Mr. Kruse a special compliment when taking over the Credit Bureau; and J. W. Dorhauer, Bank of St. Louis and president of the association who conceived the idea of the evening, also had an important part.

In conclusion, master of ceremonies Bud Greer said "Gus, let me first say how much I appreciate your friendship over these many years. Few people are blessed as I have been to know a man of stature, of patience, of dedication, of devotion to family and to duty, such as you. It was a distinct privilege for me to call to the attention to the folks assembled, your outstanding and enviable record and it is with a real sense of pride that I present to you from the Associated Retail Credit Men and Credit Bureau of St. Louis and the Credit Women's Breakfast Club, this token of appreciation. May you enjoy many more years of health and happiness."

Mr. Kruse responded with well chosen words of appreciation.



• AMONG THE GUESTS attending the A. J. Kruse night were: left to right, E. J. Horner, retired, formerly Credit Manager, Kline's; Jack W. Dorhauer, Vice President, Bank of St. Louis, President, Associated Retail Credit Men of St. Louis; August J. Kruse, President Emeritus, Associated Retail Credit Men of St. Louis; Earl E. Paddon, Credit Manager, Lammert Furniture Company; William F. Tobin, Manager, Credit Bureau of St. Louis; Ray R. Behrens, President, Ralls County State Bank, New London, Missouri; and P. O. (Bud) Greer, General Manager, Association of Loan Companies, and Master of Ceremonies.

J. A. AMTER

President, Colorado Industrial Bank, Denver, Colorado

Can We Cure...

The Bankruptcy "Cancer"?

THE PURPOSE of this article is to start an organized movement to find a way to alleviate, if not to cure, the rapidly expanding Bankruptcy "Cancer". There is only one place where this cure can take place, and that is in the halls of Congress. The Bankruptcy Act must be amended and brought to date to meet present economic conditions. In order that this may be done, intelligently, the business community must assume the leadership that is necessary to demonstrate to the public, the legal profession, the judiciary and, finally, the Congress, what legislation is necessary to cause the Bankruptcy Act to conform to its original, constitutional intent.

The organizations most familiar with credit, its uses and abuses, are to name a few, the American Industrial Bankers Association, the American Bankers Association, the National Consumer Finance Association, the National Association of Credit Men, National Retail Credit Association, the American Finance Conference, and many other credit organizations and their affiliated state and municipal organizations.

It is my recommendation that an immediate study be made and that, at the earliest possible time, a new amendment to the Bankruptcy Act be presented to Congress that will, in effect, contain the following provision:

That a discharge in Bankruptcy be granted only under the following circumstances:

1. That after the filing of a Bankruptcy Petition, a hearing would be automatically set before a special referee who would ascertain:
 - a. The reason why the Bankrupt incurred debts beyond his ability to pay.
 - b. The ability of the Bankrupt to repay the indebtedness that had been incurred, out of future earnings.
 - c. The amount of future earnings that could be, reasonably, allocated toward the payment of said debts.
 - d. The assets of the Bankrupt that should be liquidated and the proceeds applied toward the payment of such indebtedness.
 - e. The amount of the indebtedness, if any, that was incurred by the Bankrupt when he knew or should reasonably

have known, that such indebtedness could not be re-paid.

2. That after a full hearing, the referee could thereupon order the Bankrupt to:
 - a. First, re-pay all secured creditors to the extent of the true value of such security, or permit the repossession of said security.
 - b. Thereafter, re-pay unsecured creditors over such a period of time and in such instalments as the referee may deem reasonable.
3. The referee should determine what debts, if any, were not, in any event, dischargeable under the provisions of the Bankruptcy Act and grant a discharge of all indebtedness, other than the secured indebtedness, that could not, under the above orders, or under the circumstances in each individual case, be reasonably re-paid.

I believe that the justice and reasonableness of such a law could be established by careful study and research. Under the present law, "Bankruptcy", in many instances, gives a license for legalized avoidance of debt that could be repaid under proper supervision.

The Constitution gave to Congress the power to pass laws governing Bankruptcy. The original intent of the framers of the Constitution, was to eliminate the medieval "imprisonment" for debt. It was intended to give a debtor the opportunity to turn over all of his worldly goods to a court for distribution to his creditors and, thereafter, to give him his rightful opportunity for a fresh start.

At that time, credit was mainly extended to merchants and tradesmen. Individual credit was given only to such individuals as had security to offer that was equal to or greater than, the amount of credit that was extended to them. For over a hundred years thereafter, the majority of all Bankruptcies were filed by such merchants or tradesmen, and individuals who had obtained secured credit. The referees and courts correctly then, distributed remaining assets to creditors and denied a discharge to Bankrupts who fraudulently obtained credit.

Individual Bankruptcies

Today, a great majority of all Bankruptcies are filed by individuals. Under modern day credit practices, credit is now extended to individuals, not on the basis of their assets or the security that they possess, but based upon their earning power, i.e., the wages and salaries that they have established that will enable them, over and above their normal expenses, to repay indebtedness over a period of from one month to thirty-six months, or more. Credit is granted in reliance upon the utilization of such future earnings for the re-payment of the credit extended. The denial to the creditor of the utilization of such future earnings by the

present Bankruptcy Laws, tends to destroy the foundation of our present credit system. I think it can be established that the prosperity of this country has developed with the potential of extending credit to individuals. This extension of credit has been at the foundation of the mass production that has made our prosperity possible. Anything that tends to destroy this credit structure can, likewise, destroy our prosperity.

Bankruptcy Petitions

Congress attempted to make provision for the payment of debts out of wages or salaries earned after the filing of a Bankruptcy Petition, by an amendment to the Bankruptcy Act, that permitted the Bankrupt to voluntarily pay his debts out of future earnings, providing he obtained the consent of a majority of his creditors in number and amount. This is called "Article 13". Because of the fact that this proceedings was not made compulsory, it has not fulfilled its purpose or the intention of Congress. The average Attorney realizes that his Bankrupt "client" can better pay his fee and bankruptcy costs and, likewise, be economically better off, if he "wipes out" his debts by a full Bankruptcy proceedings, rather than re-pay these debts through an "Article 13" proceedings. This is particularly true in view of the tendency of the credit community to grant more credit to a Bankrupt if he "wipes out" his debts, and to deny credit to a "Bankrupt" who has remaining debts that he is paying personally or through an "Article 13" proceedings.

As the word continues to spread that Bankruptcy does not have the moral stigma that it once had, and that debts can be freely contracted

and, thereafter, "wiped out" through the aid of the courts, under the present Bankruptcy Law, thousands of new individuals annually are rushing to the Bankruptcy Courts for relief. We know that hundreds of millions of dollars worth of economic loss is the result. But, more serious than that, the moral fibre of individuals is rapidly being undermined. All of this is the beginning of an economic "cancer" that could, in time to come, destroy our credit system. No one wants this to happen. It is strange to realize that, in the face of all this, a hypnotic acceptance of this situation seems to prevail. The proper parties to study and to provide a cure, are the people and the businesses that provide the credit in the first place. Their failure to do so, is only caused by their lack of comprehension of the problem, but also by their lack of organization, that can provide the resources and the intelligent study that is necessary in order to obtain proper legislative action.

If the various organizations that represent the credit granting community believe that it would be useful to have the Bankruptcy Law amended as outlined above, they should first obtain the advice of their legal representatives as to whether or not such an amendment would be constitutional. They should, likewise, individually pass resolutions requesting Congress to enact such legislation. Each organization should appoint a Committee to work on this project and select delegates that could create a joint venture to obtain the necessary funds, and do whatever else is necessary to cause such legislation to be properly presented to Congress and, with their consent, enacted.

You Would Be Surprised How Many Would Join NRCA
IF YOU ASKED THEM



People and Events

France Plans Credit Card System . . .

After two years' study, France's National Association of Hotels, working closely with the International Hotel Association and French banks and insurance companies, has devised a system that promises to revolutionize the world's credit card system. The system is designed for providing top service to tourists and businessmen. The slogan, "Sign—Your Bank Will Pay," describes the system. When the holder presents his card to a hotel or restaurant, the information is transferred to a special printed form which the holder signs. The form is then deposited in the hotel or restaurant's own bank, where the amount is credited immediately, even though the card holder's bank is not billed until the following month. If the card holder wishes, his bank, at no extra charge, will set up a special account for his Universal Credit Card expenditures, keeping it solvent by drawing upon his regular bank account. If the plan works, the ultimate hope of its sponsors is to have it adopted in other countries of the world, thus providing to the travellers a truly convenient Universal Credit Card.

Phillips and Lubow Called to Active Duty . . .

Major Frank J. Phillips, President and First Lieutenant Stephen Lubow, attorney and board member of the Greater Miami Credit Association, Miami, Florida, have been ordered to extended active duty for 12 months effective October 1, 1961. This is the third tour of duty in the Armed Forces for Major Phillips as well as Lt. Lubow. Major Phillips will be remembered for his excellent work with the Local Miami Association Committee for our annual conference held in Miami Beach last June.

C. B. Flemington Retires . . .

Carl B. Flemington, Secretary-Manager, Credit Bureau of Toronto, Toronto, Ontario, Canada, has retired from this position after 34 years of loyal service. He will remain with the Bureau and has been given the title of Managing-Director. He has been succeeded by Lawrence M. Angus who has been with the Bureau since June 16, 1961. He was formerly with the Royal Bank of Canada for the past 19 years. For a number of years Mr. Flemington was the editor of the "Granting Credit in Canada" department of The Credit World. The NRCA wishes him many years of contentment during his "semi-retirement" status.

STATEMENT REQUIRED BY THE ACT OF AUGUST 24, 1912, AS AMENDED BY THE ACTS OF MARCH 3, 1933, JULY 2, 1946 AND JUNE 11, 1960 (74 STAT. 208) SHOWING THE OWNERSHIP, MANAGEMENT, AND CIRCULATION OF

The CREDIT WORLD, published monthly at St. Louis, Missouri, for October, 1961.

1. The names and addresses of the publisher, editor, managing editor, and business manager are:

Publisher, National Retail Credit Association _____ St. Louis, Missouri
Editor, Arthur H. Hert _____ St. Louis, Missouri
Managing Editor, William H. Blake _____ St. Louis, Missouri
Business Manager, Melvin Schmidt _____ St. Louis, Missouri

2. The owner is: National Retail Credit Association, 375 Jackson Avenue, St. Louis 30, Missouri.

3. The known bondholders, mortgagees, and other security holders owning or holding one per cent or more of the total amount of bonds, mortgages, or other securities are: None.

ARTHUR H. HERT, Editor

Sworn to and subscribed before me the 27th day of September, 1961.

Mary E. Riordan

(My commission expires May 18, 1965.)

Coming District Meetings . . .

DISTRICT ONE (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, Provinces of Quebec, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland, Canada) will hold its annual meeting at The Wentworth by the Sea, Portsmouth, New Hampshire, May 13, 14, and 15, 1962.

DISTRICT TWO (New Jersey and New York) will hold its annual meeting at the Concord Hotel, Kiamesha Lake, New York, April 4, 5, and 6, 1962.

DISTRICT THREE (Cuba, Florida, Georgia, North Carolina, and South Carolina) and **DISTRICT FOUR** (Alabama, Louisiana, Mississippi, Tennessee, and Bristol, Virginia) will hold a joint annual meeting at Admiral Semmes Hotel, Mobile, Alabama, March 11, 12, 13, and 14, 1962.

DISTRICT FIVE (Illinois, Indiana, Kentucky, Michigan, Ohio, Ontario, Canada, and Wisconsin, except Superior) will hold its annual meeting at the Statler Hilton Hotel, Detroit, Michigan, February 17, 18, 19, and 20, 1962.

DISTRICT SIX (Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Superior, Wisconsin, Fort William, Ontario, and Manitoba, Canada) will hold its annual meeting at Sheraton-Martin Hotel, Sioux City, Iowa, April 8, 9, and 10, 1962.

DISTRICT SEVEN (Arkansas, Kansas, Missouri, and Oklahoma) will hold its annual meeting at the Holiday Inn, Fort Smith, Arkansas, March 16, 17, and 18, 1962.

DISTRICT EIGHT (Texas) will hold its annual meeting at the Rice Hotel, Houston, Texas, May 20, 21, and 22, 1962.

DISTRICT NINE (Colorado, New Mexico, Utah and Wyoming) will hold its annual meeting at the Harvest House, Boulder, Colorado, May 11, 12, and 13, 1962.

DISTRICT TEN (Alaska, Idaho, Montana, Oregon, Washington, Provinces of Alberta, British Columbia, and Saskatchewan, Canada) will hold its annual meeting in conjunction with the 48th Annual International Consumer Credit Conference, Davenport Hotel, Spokane, Washington, June 21, 22, 23, 24, 25, and 26, 1962.

DISTRICT ELEVEN (Arizona, California, Hawaii, and Nevada) will hold its annual meeting at the Stardust Hotel, Las Vegas, Nevada, February 18, 19, 20, and 21, 1962.

DISTRICT TWELVE (Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia) will hold its annual meeting at the Greenbrier Hotel, White Sulphur Springs, West Virginia, February 11, 12, and 13, 1962.

Alexander C. Dunn . . .

Alexander C. Dunn, credit counselor and a retired employee of the credit department of Joseph Horne Company, Pittsburgh, Pennsylvania, died August 12, 1961, in Suburban General Hospital. He was a charter member of the Avonworth Kiwanis Club; a member of the Davage Lodge No. 374 F&AM, Syria Temple, Allegheny Royal Arch, Chapter 217, Allegheny Commandery, No. 35, and Pittsburgh Consistory. He is survived by his widow, a sister and a brother.

— Position Wanted —

CREDIT EXECUTIVE. Many years of experience in all phases of credit and collection work, including its legal aspects, account solicitation and credit sales promotion. Have handled financing of accounts receivable, by scheduling, indirect and direct financing. Have organized and managed a credit and collection department handling accounts receivable amounting to over \$5,000,000 representing 25,000 and 30,000 accounts. Active in district and national credit affairs. Personal and business references furnished. Box 9616, The CREDIT WORLD, 375 Jackson Avenue, St. Louis 30, Missouri.

— Position Wanted —

EXPERIENCED CREDIT SALES MANAGER desires to locate in the Kansas City, Missouri, area. Twenty-five years' experience in credit management, receivable accounts auditing, retail store credit, mail order credit, purchasing "paper" from dealers and modern receivable cycle billing. University graduate. Willing to travel. Box 11612, The CREDIT WORLD, 375 Jackson Avenue, St. Louis 30, Missouri.

— Position Wanted —

EXPERIENCED IN CREDIT, collections, finance, sales, purchasing, personnel. Heavy supervision. Food industry and collection agency background. Will relocate for right offer or will invest. Family, age 38, modest salary requirements. Box 11613, The CREDIT WORLD, 375 Jackson Avenue, St. Louis 30, Missouri.

— For Sale —

CREDIT BUREAU with collections. South-Central Florida location with over 10,000 trade area. \$15,000 cash or will finance one-half. Absolute. No shoppers, please. Box 11611, The CREDIT WORLD, 375 Jackson Avenue, St. Louis 30, Missouri.

— For Sale —

NATIONAL CASH REGISTER Charge Authorization System. Three Upright Authorization Boards with 120 outlets each.

Six receivers. Three transmitters. 104 phones. One transformer.

DIEBOLD-13 No. 78-71 Cycle Billing filing desk with 10 No. 78-78 V Line-62 Filing Trays each housing approximately 5,000 accounts.

ADDRESSOGRAPH Housing equipment. Seven CD-78 cabinets, drawer capacity 14,700 each with bases, tops and shelf sections.

STROMBERG, one Master time clock, Model No. 500, 110 volts, 60 cycle. Nine Model No. 9, time card clocks, 110 volts, 60 cycle. These card clocks can be used with Master clock or separately on 110 volt circuit. Miller's, P. O. Box 50, Knoxville, Tennessee.

— For Sale —

CYCLE BILLING MACHINES (NCR 32-10-08). Several available, in excellent condition. Write Treasurer, Stern and Company, 706 Market Street, Philadelphia, Pennsylvania.

— For Sale —

REMINGTON RAND Kolect-A-Matic equipment. Six trays with 16 panels per tray, for 5" x 8" maximum inserts. Write, G. E. Davidson, The Uregas Companies, P. O. Box 10, Moberly, Missouri.

New Honors for R. R. Tulio . . .

Ranulfo R. Tulio, President of the Association of Credit Men in the Philippines was elected executive vice president and treasurer of the Investment Planning Corporation of the Philippines with the acquisition of control by the First Acceptance and Investment Corporation. He returned recently after attending the 1961 Consumer Credit Program sponsored by Columbia University at Arden House, the first Asian to attend the program since 1952. While in the United States, he attended the annual Credit Congress of the National Association of Credit Management. While here he also visited the NRCA's National Office.

Attention! Local Association Secretaries . . .

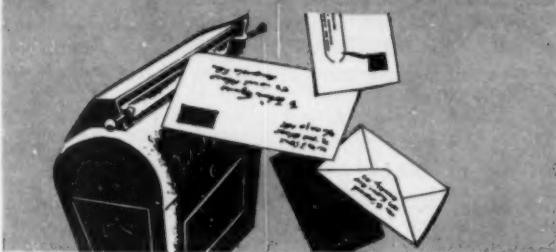
In these critical times, it is important that all credit granters in the community meet regularly to discuss common problems and better ways of credit management. Three reasons why members should support a strong retail credit association are: Education, Legislation and Fellowship. Credit management these days requires an understanding of effective credit and collection techniques and procedures, as well as a thorough grasp of the principles of sales persuasion and motivation. To help local program chairmen develop educational programs along these lines, your National Office offers without charge a "Monthly Newsletter" for association secretaries. Please ask us to put your name on our mailing list if you are not now getting it. Secretaries only, please!

William J. Tate Honored . . .

William J. Tate, Credit Sales Manager, Charles Ogilvy Limited, Ottawa, Ontario, Canada, was honored recently by the Credit Granters Association of Ottawa and Hull, along with twelve other past presidents of the Association. Mr. Tate was the first President of the Association and also was the first Canadian to become President of the National Retail Credit Association serving in 1955-1956. Shown below on the left is Mr. Tate receiving the plaque from Paul Duff, President of the Association.



CREDIT DEPARTMENT COMMUNICATIONS



LEONARD BERRY

HOW WELL do you *know your store*? That is a silly question, certainly I know the store, I can hear you say. I know how to get there in the morning. I know where to hang my hat. I know some of the people I work with.

Knowing the store means learning all about the store, its history, its policies, its range of merchandise and nature of clientele. It means listening closely to those who have the responsibility for initial training and on-the-job training. It means visualizing the particular place of the store in the community. It means understanding the special personality of the store (of course, stores have personalities—listen to the conversations at the PTA meeting or the bridge club). It means developing personal loyalty to the store.

Incidentally, when the word *store* is used, you, of course, should take that to mean store, office, firm, hospital, clinic, medical or dental office, or whatever you call your place of business. We are all in the same business, really, that of pleasing Mr. and Mrs. America. The same basic principles apply to all kinds of business and all kinds of business situations.

Credit department correspondents *must know their store*, if they are to write productive credit sales letters, effective collection letters and convincing adjustment letters. It is dangerously easy for credit office personnel to develop what I call "ivory tower" thinking. They get to thinking that the *office* is somehow set apart from the *store*. We must never forget that the office only exists because the store sells merchandise. Everything depends on the sale—all the rest of the operation is subordinate to the sale. Without the sale there would be no store. And, of course, without customers there would be no sales.

Letters which make customers feel better and make them *want to do* whatever is set forth in the letter are written by the person who has a keen and warm interest in "my store". Letters which succeed in *persuading the reader* to take a certain course of action are permeated with the spirit of genuine helpfulness and willing service. They are *YOU* letters rather than *WE* letters.

No person's knowledge of the store is up to date unless he constantly replenishes and increases it. Regardless of how long a person has worked for the store, he must constantly study its operations and procedures. Over the years stores, like people, change. Merchandising policies change under the pressure of competition. Advertising objectives change as the clientele and neighborhood change. The Credit Office cannot just go on in the same old way, doing

things out of deadly routine and stodgy tradition. Sometimes I read letters coming from otherwise highly progressive and up to the minute stores, and cannot avoid getting the idea that the Credit Department in that store has stood still for the past 20 years! Everything else about the store has changed, but the Credit Department remains in its deep and comfortable rut, the personnel seem to have the "we have always done it this way" attitude, "why bother to change."

We want credit customers because we believe they possess more enduring loyalty for the store than do the wandering cash customers. Well, surely, the way to get more credit customers is to communicate to the prospect our own solid belief that ours is the best store in town.

How can we do that unless we know our store from top to bottom, from front to back?

Letters that win new friends for the store can never be written by the person who has the "I only work here" attitude. Letters that create good will can never be written by the person who blames store management for making "silly rules and rigid regulations."

Letters that *sell* the store can only come from the mind of the person who is *sold* on the store. Letters have a way of revealing the deep seated *attitudes* of people—the fundamental approaches to life and to one's job.

This Month's Illustrations



Illustration No. 1. This fine credit sales promotion letter comes from Garland's, outstanding apparel store in St. Louis, Missouri. We all know that credit customers are valuable—indeed, one credit customer is reputed to be worth four cash customers—so we should do everything in our power to keep them active on our books. Such a letter as this, warm and friendly, and graciously personal, helps greatly.

Illustration No. 2. Clif L. Stilz, Credit Sales Manager, Acme Fuel Company, Olympia, Washington, thoughtfully sent us a selection of his excellent credit letters. With them he enclosed a personal letter from which we quote, "In many businesses such as ours, the credit or collection letter is the only representative of the firm ever to call on the customer." You are so right, Mr. Stilz. Each business letter *must* be a sales letter, an ambassador of good will and a creator of positive and pleasant reactions. Mr. Stilz sent a number of collection letters and cited the results these had achieved. I am sure he would gladly respond to any request for those figures. His address is 416 State Avenue, Olympia, Washington.

Illustration No. 3. This inoffensive yet straightforwardly stern little collection reminder comes from the *Miami Herald*. Our newspaper members will be appreciative of this cooperation in sharing a fine communication with them.

Illustration No. 4. This clever little card was inserted in the pocket of a suit purchased by a member of our executive staff. Isn't this a smart and unusual idea? Apparel store members, please note!

Illustration No. 5. Here we show a fine promotional item sent by the St. Louis County, Missouri, National Bank. Banks generally are energetically wooing the individual borrower these days and making their services attractive and appealing.

Illustration No. 6. To round out our selection this month we are happy to show this good natured collection reminder from the Valley Lumber Company, Vancouver, B. C., Canada.

Chamber of COMMERCE GARLAND, Inc. Saint Louis • Clayton • Hampton • Columbia
410 North Sixth, Saint Louis 1, Telephone Main 1-1770

1

Dear Charge Customer:

Here's one way of telling you you're tops at Garland's!

Yes, we want our regular charge customers to be the first to shop the exceptional values in our sales. This is just one of the many advantages of having a Garland's charge account.

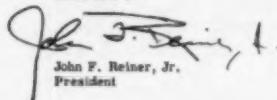
Garland customers find the very finest in fashion the year round ... receive courteous, helpful service from trained salespeople ... plus the little "extras" that have made us St. Louis' Oldest Fine Women's Specialty Store.

Garland's also offers, in addition to a regular charge, payment plans so flexible that they can be arranged to suit your individual convenience.

So rejoin us - soon and often. Use your charge and continue to enjoy the many advantages it offers.

Cordially,

GARLAND'S


John F. Reiner, Jr.
President

COAL
Clean Oil Treated
Utah Wyoming
Stoker Nut Lamp

FIREPLACE
Kindling Grates
Logs

SERVICE DEPT.
Burner Service and Parts
Air Filters Oil Filters

② HEATING OILS
"Route-a-Matic"
Filtered and Metered
STOVE FURNACE
INDUSTRIAL

PRES-TO-LOGS
Regular Colored
Banded Bulk

BAR-B-QUE
Kodiak Charcoal
Grills

EQUI-PAY
Phone W.H. 3-1133 A nationally used Fuel Budget Plan
originated by Acme Fuel Company
Olympia, Washington

④ Your "fuel shopping" convenience we have opened a charge account for you here at Acme Fuel Company. This is your "magic key" to comfort, pleasure and satisfaction. May we suggest that you use our facilities for all your heating requirements, and for your fireplace and barbecue enjoyment.

Our Service Department is at your call for both the emergency and regular maintenance needs of your heating equipment. You'll always find qualified personnel here - ready to assist you with any service problem, whether you intend to use our service personnel or follow the "do it yourself" trend.

Your account will be covered by a statement mailed to you after we close the books on the 25th of each month, and will be due the 10th day of the following month. Special terms may always be arranged through a call to our credit department.

It is our wish that you will use and enjoy your "charge account" here at Acme Fuel Company.

Sincerely yours,

WE ACCEPTED YOUR AD! ③
Without questioning your ability to pay or your intention to do so, we accepted your ad and ran it in our paper.

Our records show that you owe:

\$.
\$.
\$.

Please send us your check by return mail.

This gives you another chance to settle direct, thereby avoiding added expenses and expense.

If payment is not received immediately your bill will be referred to a collection agency.

YOUR CREDIT RATING IS IMPORTANT! PROTECT IT.

The Miami Herald

about your new garment

We want you completely satisfied. The best way to know is by asking. Won't you please fill in this slip and mail it NOW? It will receive my personal attention. Your comments will be welcomed, appreciated and promptly taken care of.

Sincerely,


Arthur J. Lyon
President
Reiniger Lumber Co.

Were alterations made to your satisfaction? Yes No
If "No", please state below cause for dissatisfaction, also tell me if you have any complaints, criticism, or remarks of any kind regarding our clothing, service, or anything else...

Comment was purchased F Street Chey Chase Wisconsin Plaza
Your Name _____
Your Address _____
Phone Number _____

Master plan and real time

ST. LOUIS COUNTY NATIONAL BANK

CLAYTON, Mo., U.S.A.

Get the Facts

and SAVE Money

on YOUR Auto Loan

When you get all the facts on the cost of financing the purchase of your new car, you will find you can save money by coming straight to this bank.

You need not pay more than our low bank interest rates. Our terms are liberal and payments may be arranged to fit your budget. There are no "hidden charges," and you can choose your own insurance agent.

Come in and discuss it with us. We shall appreciate the opportunity to serve you.


Robert L. Lee
Chairman of the Board

ST. LOUIS COUNTY NATIONAL BANK

CLAYTON, Mo., U.S.A.

JUST A
FRIENDLY
REMINDER ...

DATE _____
ADDRESS _____

Yes, this is just a friendly reminder that your account is overdue. Would you please arrange to make your payment now, or perhaps drop in to our office, where we can discuss it.

VALLEY LUMBER
Vancouver, B.C., Canada

MANAGER



STATE LEGISLATIVE ROUND-UP

VIRGINIA . . .

Constitutionality of Virginia's Sunday closing law was upheld by the State Supreme Court in an opinion which discounted the religious angle as a basis for current blue laws. The evidence, notes the Court, shows that the amended Sunday law was sponsored by the Virginia Retail Merchants Association to provide for a "day of rest" and not as a "day for required religious observance." The Court's action in this respect was similar to a Pennsylvania case validated by the U. S. Supreme Court in May.

DELAWARE . . .

Governor Carvel signed into law a bill to create a central state agency empowered to see to it that weighing and measuring devices are accurate and that consumers get the full weights and volumes they pay for. Under the measure, the new agency will be a division of the State Board of Agriculture. The Director is armed with police powers and may arrest violators and seize evidence. They may condemn and destroy measuring devices found to be incorrect and not capable of repair.

KANSAS . . .

Kansas Attorney General William M. Ferguson announced he would join in appealing to the State Supreme Court a Lyon County District Court ruling which held the state's Sunday closing laws invalid. Judge Jay Sullivan ruled that the law contains wording so general, vague and indefinite that it cannot be administered.

ILLINOIS . . .

Governor Kerner announced that a noncontroversial issue, an interim law on chattel mortgages, will be among the matters placed before a special session of the legislature convening. A former law was repealed by a bill signed by the Governor on July 31. In the interim, business men have had no law governing the repossession of merchandise sold to a purchaser who lets time payment lapse.

MAINE . . .

A new law in effect provides for state regulation of life or accident and health insurance issued to cover loans or time payment contracts. The law forbids insurance in excess of the unpaid balance and requires a refund of premiums in case the balance is paid in advance. Insurers unlicensed in Maine but soliciting business by mail may be prosecuted for false advertising claims.

PENNSYLVANIA . . .

Governor Lawrence recently signed into law a bill to empower the State Insurance Department to regulate the sale of credit life and accident insurance. Commissioner Smith said the absence of credit life insurance controls had been a gap in the state's protection of the public.

FLORIDA . . .

An administrative ruling relating to the state motor vehicle sales finance act filed with the Florida Secretary of State by the Office of the State Controller reads as follows: "If the sales finance company discovers that, as a result of an inadvertent clerical error or some other unintentional mistake, the finance charge to a purchaser of a motor vehicle is in excess of the amount permitted by the Motor Vehicle Sales Finance Act, or that any other charges in the contract are excessive, it shall immediately notify the purchaser of such overcharge. The overcharge, plus any finance charge that may have been assessed thereon, may be deducted from the next monthly payment, or if satisfactory to the customer, it may be credited to the final payment."

KENTUCKY . . .

Assistant State Attorney General Wayne Carroll has recommended to State Banking Commissioner H. A. Rogers that new legislation is necessary for control of loan and investment companies in Kentucky. The firms in question operate much like small loan companies, except that they are permitted to lend more money. Loan ceiling for the firms, formerly \$2,000, was raised five years ago to \$5,000. "Of particular need," stated Carroll, "is a regulation clearly setting out the banking commissioner's control over loan and investment firms. Present laws are too vague."

From the NATION'S CAPITAL

JOHN F. CLAGETT, Counsel

NATIONAL RETAIL CREDIT ASSOCIATION, WASHINGTON, D.C.



Quo Vadis Consumer Protection?—The phrase "consumer Protection" has proliferated, in a comparatively short time, into several facets.

Momentum in this respect was gained when the Democratic National Platform of 1960 declared that "in an age of mass production, distribution and advertising, consumers require effective government representation and protection," and, for the first time, proposed the appointment of a "consumer counsel" to function in the executive branch of the Federal government. (No action, however, has yet been taken in that regard).

However, the idea of a "consumer counsel" to conduct investigations and give advice on consumer protection problems at the State level had already been initiated, first, in New York and then in California, and possibly in other states. (Apparently there is little information available yet as to success or failure of these programs). Other actions in the field have included the introduction of the first proposal to create a "Department of Consumers" by Senator Kefauver (D. Tenn.) in the first session of the 86th Congress (re-introduced in the present Congress), and Senator Javits (R. N. Y.) introduced in the 86th Congress, and again in the present Congress, a Resolution to create a "Select Committee on Consumers;" and this type proposal was duplicated or paralleled by similar measures offered in the House.

A new action—a broadside study and investigation—was quietly gotten under way by a subcommittee of the House Government Operations Committee in the spring of this year. The subcommittee (Intergovernmental Relations Subcommittee) has just completed and submitted an initial report of 338 pages, and the same has been approved and accepted by the full committee. The Subcommittee is continuing its investigations. The Report, entitled "Consumer Protection Activities of Federal Departments and Agencies" (House Report No. 1241, 87th Congress, 1st Session), describes its scope and objectives:

"As part of its continuing study of Federal-State-local relations, the subcommittee is conducting a broad examination of Government activities for the protection of consumer interests. A major objective of the study is to ascertain the extent and nature of such activities at various levels of government and the effectiveness of procedures utilized to coordinate related activities carried on by different Federal agencies or at different levels of government."

The Report states that a large proportion of Federal programs which directly protect consumer interests are administered by the Departments of Agriculture, and Health Education and Welfare (HEW), and by the Federal Trade Commission, and that "the subcommittee expects to examine a number of these activities in detail as its study progresses;" and that "future hearings and reports will examine Federal-State-local relations in the field of consumer protection."

Further, the Report noted that preliminary examination of the problem revealed that "the comprehensive background information needed for the subcommittee sent questionnaires requesting such information to 35 departments and agencies of the Federal government." (In this regard the subcommittee is now engaged in sending similar questionnaires to State and local-government departments and agencies). The present Report consists mainly of the replies of the Federal departments and agencies. It stated:

"An analysis by the subcommittee staff of the questionnaire replies resulted in the listing of 103 different activities which were considered to directly protect consumer interests; 15 activities were regarded as directly advancing consumer interests, and another 135 as indirectly resulting in either the protection or advancement of consumer interests. The total number of activities listed in these three classifications was 253. An additional 43 activities, while not necessarily affecting consumer interests as such, were regarded by the agencies concerned as protecting the general public."

Has the Intergovernmental Relations Subcommittee of the Government Operations Committee anticipated the earlier proposals in Congress, or activities in the States, indicated above—at least for the time being, or until such time as the Subcommittee's fact-finding investigations are completed? This, it seems, might well be so, since a comprehensive, complete and impartial study and investigation of such a complex subject would be in order before the first legislative or other move is made. Further, the Government Operations Committee would appear to be the logical place for this fact-finding job.

An interesting and pertinent sidelight on the question of consumer protection will be found in the action of the U. S. Chamber of Commerce this year when, for the first time, it adopted a policy statement on the subject as follows:

"Protection Of Consumers—All Americans are consumers. Everything the government does affects Americans as consumers—in some way or another. Therefor, consumer interests should be a consideration of every existing department, agency, bureau and branch within the federal government. Creating a separate federal instrumentality would not bring consumers any greater protection than already provided by present agencies—both public and private. It would only encumber the consumer with an unnecessary additional tax burden."

Soldiers and Sailors Civil Relief Act:—An increased role for this important piece of legislation may be indicated as personnel is inducted or recalled into the armed forces. A Washington news release of October 5, 1961, indicates that a savings and loan association of Baltimore has been used as a conduit to funnel more than \$470,000 in servicemen's Class E allotment checks to a small loan company in New York. Defense Department policy prohibits the direct mailing of Class E allotment checks to finance companies for repayment of debt. Such checks are normally issued only to banks, insurance companies or other savings institutions.

Local Association Activities



... Medicine Hat, Alberta, Canada

At the annual meeting of the Medicine Hat Retail Credit Grantors Association, Medicine Hat, Alberta, Canada, the following officers and directors were elected: President, Glen Schreiner Simpson-Sears Ltd.; First Vice President, Jim Sharp, Hutchings & Sharp Clothing Ltd.; Second Vice President, Jack Cocks, Cocks Equipment Ltd.; Treasurer, Stuart Moore, Hawthornes Men's Wear Ltd.; and Secretary, Leonard McGee, The Credit Bureau. Directors: Cleve Rea, Citizens Lumber Company Ltd.; Robert Biengessner, Household Finance Corporation; Abe Nobleman, Lady Fair Ltd.; Jack Pierson, Beaver Lumber Ltd.; Charles Carr, The T. Eaton Company of Canada Ltd.; Erice Fleury, Niagara Finance Company Ltd.; J. Jorgenson, Beneficial Finance Company; Ray Meurin, Olivers Dry Goods; Alfred Turlock, New AA Service Station; Alex Tennant, Capitol Furniture; Robert Marble, Royal Bank of Canada; and Arnold Sjolie, MacLeods Ltd.

... Louisville, Kentucky

The new officers and directors of the Retail Credit Managers' Association, Louisville, Kentucky, are: President, Jack Mickschl, H. P. Selman Company; Vice President, J. C. Davis, Stewart Dry Goods Company; and Secretary-Treasurer, Carson L. Bard, Credit Bureau of Louisville. Directors: Helen Grimes, Dolfinger's; William M. Haller, Bond Clothiers; W. Graff Parish, Liberty National Bank and Trust Company; Hazel Riley, The Stocker Optical Company; Harold B. Smith, Ben Snyder, Inc.; and W. G. Witten, Silverman's Department Store.

Vincent A. Rogerson Retires . . .

Vincent A. Rogerson, Manager, Credit Bureau of Clarksburg, Clarksburg, West Virginia, since its origin in 1924 has announced his retirement transferring his interests to Charles Henry. He will, however, continue his association with the Bureau for the next six months. He is Treasurer of the Credit Grantors Association of Clarksburg and assisted in the organizing of the Association in 1959. Mr. Rogerson has been active in community affairs, having served on the boards of several charitable institutions. He is a member of the Rotary and several Masonic orders. The NRCA wishes Mr. Rogerson many years of health and happiness in his well deserved retirement.

... Knoxville, Tennessee

At the annual meeting of the Retail Credit Association of Knoxville, Knoxville, Tennessee, the following officers and directors were elected: President, Mrs. Mossie Cunningham, J. S. Hall's Sons; First Vice President, R. B. Mapes, Baum's Home of Flowers; Second Vice President, L. M. Parry, Tennessee Mill and Mine Supply; Third Vice President, T. B. Kirkham, Woodruff Hardware; and Secretary-Treasurer, A. C. Bittle, Sr., Credit Bureau of Knoxville. Directors: John I. Dale, Rich's; Bert B. Bateman, Chandler and Company; J. Hoyle Brown, Brown, Greer and Company; E. Howard Moulton, Park National Bank; Kenneth K. Altom, Moser Furniture Company; Roberts V.

Weaver, Weaver Sales Company; S. J. Nicely, Miller's; and Harry L. Duncan, Bank of Knoxville.

... Midland, Texas

The new officers of the Retail Credit Executives of Midland, Midland, Texas, are: President, R. D. Finley, City Finance Company; First Vice President, Craig Landers, White's Auto Store; Second Vice President, Edward Baird, Commercial Bank and Trust Company; and Secretary-Treasurer, Peggy Heath, Retail Merchants Association. The installing officer was Luther May, First National Bank. He is also President of the West Texas Retail Credit Executives and is immediate Past President of the local association. This is the second time Mr. Finley has held the office of President. He held that office at the time of organization of the association in 1955.

... New Jersey

At the annual meeting of the Retail Credit Association of New Jersey, the following officers and directors were elected: President, David Leff, Mechanics Finance Company, Jersey City; First Vice President, Alexander L. Mackenzie, Kresge-Newark; Second Vice President, Leon Dreskin, Attorney, Newark; Treasurer, Mrs. Irmgard S. Herz, Liberty Fuel Oil Company, Newark; and Executive Secretary, William E. Dunkinson, Jr., Organization Management, East Orange. Directors: Walfred Abrahamson, Public Service Electric and Gas Company, Newark; William C. Schenck, National Newark and Essex Banking, Bloomfield; Lee R. Hill, The Medical Dental Plan, Newark; Richard S. Ashley, Fidelity Union Trust Company, Newark; John Piemonte, Quackenbush Company, Paterson; Fred Zuendt, Huffman and Boyle Company, Hackensack; Alfred Schrama, National State Bank, Orange; James J. McCarthy, Hackensack Trust Company, Hackensack; and Edward Bedford, General Electric Corporation, Bloomfield.

... Abilene, Texas

The 1961-1962 officers and directors of the Retail Credit Executives of Abilene, Abilene, Texas, are: President, Leland E. Aldredge, Grissom's; First Vice President, Earl Hughes, D and W Furniture Company; Second Vice President, Mrs. O. H. Bryant, Retail Merchants Association; Secretary, Mrs. Paul Verett, Zale's; and Treasurer, Aubrey Altom, Citizens National Bank. Directors: Mrs. C. R. Gaskill, Jr., Minter's; Mrs. Claude Willis, S and Q Clothiers; Mrs. Viola Hall, Lintz Department Store; C. J. Douglas, D and W Furniture Company; and C. R. Pennington, Retail Merchants Association.

... Orlando, Florida

The following are the new officers and directors of the Retail Credit Association of Orlando, Orlando, Florida; President, Owen Crawford, Holloway Materials; Vice President, Robert Fuller, Citizens National Bank; and Secretary-Treasurer, Perry Slaughter, Credit Bureau of Orlando. Directors: Albert Olson, T. G. Lee Dairy; C. P. McCall, Rutlands; Walter Thompson, General Tire Supply; F. D. Lloyd, Seaboard Finance Company; James Schell, Orlando Daily Newspaper; and Betty Hooker, Palmer Electric Company.

Consumer Credit Outlook

► The District of Columbia is now hit with a new cash card plan. Consumers are told that by joining the cash purchase plan, membership \$10.00 and they can save 10 per cent on the average. The plan was devised by Connie B. Gay, Lizard Lick, N. C. In the announcement in the press some 400 firms are reported to have allowed their names to be used as participating firms.

► Consumer instalment credit outstandings increased slightly in August by \$26 million to an estimated \$42.6 billion. During the first eight months of 1961, outstanding instalment credit expanded in four months and declined in four months. Federal economists indicate the failure of consumers to add to their instalment debt is linked with the slow recovery in sales of durable goods. At the same time, consumers have been paying off their obligations and saving more. They are now in a better position to enter the market place to buy.

► Noninstalment credit outstanding, seasonally adjusted, rose \$73 million to an estimated \$12.3 billion at the end of August. Total Short- and Intermediate Term Consumer Credit outstanding August 31 stood at an estimated \$54.9 billion . . . up \$99 million on a seasonally adjusted basis.

► Officials of the National Consumer Finance Association, meeting in annual convention in New York, report borrowing from finance and personal loan companies is continuing to lag behind general economic recovery but that an upturn is in sight. Recovery optimism is based on the anticipation of a strong fall and winter retail sales pick-up.

► Commerce Secretary Hodges predicts retail sales will show a substantial pickup in the months just ahead. His department now reports retail volume, seasonally adjusted, increased to \$18.2 billion in August . . . up 2 per cent from the July level. Mr. Hodges noted that while other economic indicators have been setting a record since the recession's end, retail buying by consumers had failed to keep pace. The Secretary stated that consumers "are going to have a generally better feeling toward spending" as a result of renewed confidence toward the domestic business outlook and toward international affairs.

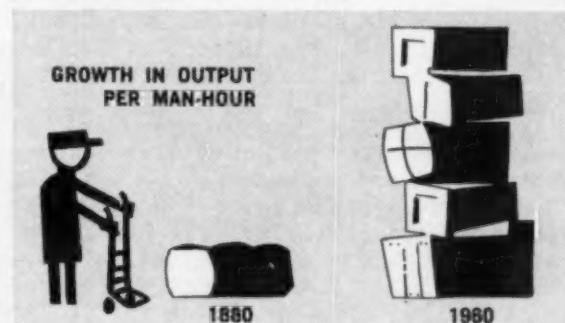
► "Retail credit executives accepted the challenge of the decline in the economy early this year. In an effort to maintain

consumer consumption, they stimulated credit selling while taking care to avoid overburdening the consumer with debt. It is a tribute to retailers that, despite reduced income, there was little or no increase in bad debt losses," stated A. L. Trotta, manager, CMD, National Retail Merchants Association.

► "Profits for business are essential to assure research, development, and risk investment upon which the future of your firm, of America's economic strength and security, and of jobs for workers depends," says Richard Wagner, president, Chamber of Commerce of the United States. "If we develop a political climate hostile to the profit motive and downgrade it below the wage motive, we will not get the enterprise and the capital we need . . . capital for risk-taking is economic seed corn."

► The taxpayer will soon get a number and a master file which will enable the Department of Internal Revenue Service to make his financial affair an easily opened book. Any company or bank that pays out money for salary, dividends, interest, etc. must report the payment to the Treasury . . . using the number. It is going to mean more work for all . . . business and the taxpayer. It will also mean more revenue to the Treasury Department.

► The Census Bureau reports that more than 86 per cent of the nation's 53 million households have television sets . . . 10 per cent have two or more. More than 91 per cent have at least one radio. Of all households, 62 per cent have washing machines . . . one out of 10 have electric clothes dryers.



Our society now produces five times as much in each hour worked as it did in 1880. This central development in the panorama of growth was made possible by many interacting factors: advancing technology, an increasing quantity of capital goods, improvements in the skills of labor and of business management, larger markets, increasing specialization—all operating within a society of great mobility and having political, economic and social institutions favorable to growth.

Consumer Instalment Credit Extended and Repaid, and Changes in Credit Outstanding
(In millions of dollars)

	Total	Auto- mobile paper	Other consumer goods paper	Repair and modern- ization loans	Personal loans
Without seasonal adjustment					
Credit extended					
1961—Aug.	4,319	1,412	1,216	206	1,485
July	3,976	1,383	1,095	164	1,334
1960—Aug.	4,365	1,570	1,165	202	1,428
Credit repaid					
1961—Aug.	4,140	1,420	1,170	175	1,375
July	3,960	1,383	1,125	158	1,294
1960—Aug.	4,037	1,443	1,140	161	1,293
Seasonally adjusted¹					
Credit extended					
1961—Aug.	4,081	1,297	1,166	188	1,430
July	3,961	1,301	1,172	154	1,334
1960—Aug.	4,072	1,422	1,112	180	1,358
Credit repaid					
1961—Aug.	4,055	1,384	1,152	171	1,348
July	4,035	1,403	1,159	157	1,316
1960—Aug.	3,918	1,388	1,123	156	1,251
Increase or decrease (—) in outstanding credit, seasonally adjusted ¹					
1961—August	26	—87	14	17	82
July	—74	—102	13	—3	18
2nd qtr.					
mo. av.	—4	—78	7	5	62
1st qtr.					
mo. av.	—88	—129	7	—10	44
1960—4th qtr.					
mo. av.	126	32	34	—1	61
3rd qtr.					
mo. av.	179	38	10	20	111
2nd qtr.					
mo. av.	429	187	104	33	105

¹Includes adjustment for differences in trading days.

Seasonally adjusted changes in outstanding derived by subtracting credit repaid from credit extended.

NOTE:—Estimates of instalment credit extended and repaid are based on information from accounting records of retail outlets and financial institutions and include finance, insurance, and other charges covered by the instalment contract. Renewals and refinancing of loans, repurchases or resales of instalment paper, and certain other transactions may increase the amount of both credit extended and credit repaid without adding to the amount of credit outstanding.

The latest University of Michigan's Survey Research Center survey reports that the consumer appears to be in a frame of mind that may lead him to make a sizable contribution to the business recovery in the months just ahead. The American consumer is exhibiting more confidence in the economy than he has shown since 1956.

Seaboard Finance Co. will limit the scope of International Charge Inc., to the West Coast, Canada and Hawaii according to A. E. Weidman, president. The company plans to close its credit card offices in New York, Upper Darby, Pa., Washington, D. C., and Chicago within the next 30 days.

Retailers and their trade groups are becoming increasingly alarmed over Government rulings and rulings-to-come applying to the Wage-Hours Act reports Women's Wear Daily. An effort to lay down new ground rules which ignore or complicate historical retail compensation and employment practices is indicated. Three particular areas of concern have materialized: One, the branch store exemption; two, treatment of commission employees, and third, student-learner compensations.

In 1940, women formed 24.2 per cent of all employees. Today, the figure has risen to

over 30 per cent. The increase of women in the professions has been even more startling. The number of women lawyers and doctors nearly doubled in the decade 1940-1950; in law from 4,185 to 6,255; and in medicine from 7,610 to 11,715. Women have now made their mark in government service. Approximately 1,200 women hold responsible positions at the federal level. Over 300 serve as members of state legislatures, 18,000 are county officials, and 50 serve as mayors. Over 20,000 women have received their Ph.D.'s since 1877.

A plan that brings full automation to the retail store is being announced by the National Cash Register Co. Known as the NCR Journal Plan, the operation is implemented by optical reading equipment that reads information from machine journal tapes directly into computers. NCR reports that one basic input operation on the selling floor provides all of the required data for charge-account billing, sales audit and sales analysis. The input operation is made on a conventional sales register by a salesperson who rings up the sale in the regular manner. The customer's name is imprinted on the salescheck in the regular way and the salescheck is validated with the automated system doing the rest.

Rising hospital costs has brought new labor saving ideas. A new hospital planned for LaJolla, California will have no kitchen but will obtain all food from caterers. Savings... \$350,000 in kitchen equipment and replacement of 70 kitchen helpers. San Francisco hospitals are reported to be using baby formula supplied by an outside commercial firm. In Boston, five hospitals began operation of a jointly owned \$2 million laundry at a saving of 25 per cent. The Franklin Hospital in San Francisco will lease offices to doctors in its

Short- and Intermediate-Term Consumer Credit Outstanding
(Estimates, in millions of dollars)

Type of Credit	Aug. 31, 1961	Increase or decrease (—) during:		
		August		Year ended Aug. 31, 1961
		Unadj.	Seas. Adj.	
Instalment credit, total	42,636	179	26	258
Automobile paper	17,350	—8	—87	—670
Other consumer goods paper	10,682	46	14	205
Repair and modernization loans	2,995	31	17	20
Personal loans	11,609	110	82	703
Noninstalment credit, total ²	12,253	23	73	539
Single-payment loans	4,556	33	1	280
Charge accounts ³	4,288	16	48	11
Service credit	3,409	—26	24	248
Total consumer credit ⁴	54,889	202	99	797

²Includes amounts outstanding on service station and miscellaneous credit-card accounts and home-heating oil accounts, which totaled \$488 million on August 31, 1961.

planned new building and use the income to pay off more than half of the \$7.5 million loan on the structure.

► Business failures, which relate primarily to small concerns, have continued at a high level. Through the week ended July 13, Dun & Bradstreet reported 9,568 failures this year, compared with 8,356 in the same period of 1960. If failures were to continue at this same rate throughout the remainder of the year, the total would be nearly 18,000. In view of the recent business upturn, this high a total seems unlikely. Nevertheless, the number apparently will be greater than in any other year since the end of World War II.

► A new food-service network that makes it possible for every general merchandise store to go into the business of feeding the public was recently announced by the Vending Division of the Brass Rail Restaurants of New York. According to the Brass Rail, there is no need for management subsidy or capital investment. Also there are no personnel, kitchen-space requirement, or food handling problems. Brass Rail hot courses are prepared under the direction of a master chef. Then they are frozen and shipped to the local franchise dealer. Diners obtain their meals from clean, modern, compact, self-contained vending machines capable of reconstituting frozen food to its original, fresh-cooked state. An average of 50 cents buys a hot platter from the 60 choice menu.

► A proposal for a uniform consumer credit code was presented to a symposium on consumer credit at the University of Pennsylvania by John F. Doyle, supervisor of the Division of Consumer Credit of Wisconsin. Mr. Doyle listed two objectives of such code: "protection of the consumer . . . assurance to the industry that usury limitations will not apply to the time-price theory."

► Michael Quill, president, Transport Workers, has demanded the socialization of all transportation in the nation. This is not a new idea but it does come at a time when the Nation is moving toward more socialistic trends. Whether this is a trial balloon sent up to test public reaction is not known. It is something that bears considerable watching. From the credit manager's standpoint this represents a large segment of credit outstandings. From the Nation's standpoint, Nationalization of transportation is only a short way from socialization of all our free enterprise system.

► Many retailers seek to lure new customers by sending unsolicited credit cards, reports the Wall Street Journal. "Atlanta's credit bureau says companies increasingly are seeking lists of good risks, running credit checks on them and then surprising them with cards. Particularly active in this type effort are oil companies and department stores. Retailers aren't sure about the legal liability of customers who don't pay off on the unsolicited cards. However, they believe the customer's signature at the time of purchase is sufficient to protect them."

► A sign of the times . . . "Scientific breakthrough: A Japanese company has brought out a diaper-cover wired for sound . . . the slightest dampness sets off its transistorized buzzer alarm."

► Door-to-door selling is getting a tryout by one of the nation's department store chains, Allied Stores. Offered at first will be costume jewelry, nylons, candy, artificial flowers, and beauty preparations. If the experiment is successful, the door-to-door lines will undoubtedly be increased. The step is an effort to recoup business lost to shopping centers and also to bring department stores a share of the lucrative trade enjoyed by the big house-to-house sales operations.

Consumer Instalment Credit, by Holder and Type of Credit

(Estimated amounts outstanding, in millions of dollars)

Type of credit and institution	Aug. 31, 1961	Increase or decrease (-) during:		
		Aug. 1961	Aug. 1960	Year ended Aug. 31, 1961
Total	42,636	179	328	258
Commercial banks	16,755	- 2	123	393
Sales finance companies	10,730	- 20	80	- 412
Credit unions ¹	4,171	61	75	417
Consumer finance companies ¹	4,193	28	50	94
Other financial institutions	1,881	25	14	39
Retail outlets ²	4,906	87	- 14	- 273
Automobile paper	17,350	- 8	127	- 670
Commercial banks	8,009	15	61	- 71
Sales finance companies	7,137	- 45	33	- 718
Other financial institutions	1,716	24	29	151
Automobile dealers	488	- 2	4	- 32
Other consumer goods paper	10,682	46	25	205
Commercial banks	2,927	- 77	- 6	243
Sales finance companies	2,476	23	35	216
Other financial institutions	861	11	14	- 13
Department stores ³	1,880	86	- 8	- 132
Furniture stores	1,076	9	8	- 56
Household appliance stores	275	1	0	- 15
Other retail outlets	1,187	- 7	- 18	- 38
Repair and modernization loans	2,995	31	41	20
Commercial banks	2,131	15	25	- 13
Sales finance companies	62	- 9	5	5
Other financial institutions	802	25	11	28
Personal loans	11,609	110	136	703
Commercial banks	3,688	45	43	234
Sales finance companies	1,055	11	7	86
Other financial institutions	6,866	54	85	384

¹ Estimates of loans at credit unions and consumer finance companies by type of credit are included with figures for other financial institutions.

² Figures by type of retail outlet are shown below under the relevant types of credit.

³ Includes mail-order houses.

Hey there....

Why don't YOU join
NRCA's
"One-A-Month" Club!

Every Member Get A Member..
Back NRCA All The Way

NRCA MEMBERSHIP OFFERS . . .

The CREDIT WORLD
Group Disability Insurance
Educational Courses
Legislative Service
Research
National Retail Credit Week

Group Life Insurance
Professional Certification
Better Letter Service
Credit and Collection Helps
Job Placement



"62,000 NRCA Members In 1962"- Our 50th Anniversary

Send Applications To

NATIONAL RETAIL CREDIT ASSOCIATION

375 JACKSON AVENUE

ST. LOUIS 30, MISSOURI

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Four Timely and Essential Credit Management Tools

GUARANTEE and WAIVER

in consideration of the

I, _____, (Name of Consumer),
extension of credit by, _____ (Seller),

in the sum of \$ _____, (Name and Address of Buyer),
for the purchase of _____ (Description of Merchandise),
as evidenced by a contract in writing dated _____ 19_____,
do hereby guarantee to the said _____ (Seller),

all and any payments under the said contract, and I do hereby waive notice of default and all rights
and benefits to which I may be entitled under subsections 1, 2, 3, and 4th of Section 101 of the Act of
Congress of October 1, 1940, being Public Law No. 651, 76th Congress, as amended by the Act of
the Act of Congress of October 6, 1941, being Public Law No. 732, 77th Congress, as amended by Section 2
and Waiver to be binding on my heirs, executors, administrators and assigns.

Signed this _____ day of _____, 19_____, (City) _____ State _____

Witness: _____ Signature: _____

Address: _____ City: _____

*Please see other side of this form.

Our Credit Service Policy

1. We welcome your charge account. We will offer you immediate credit service if . . . You are a resident of this community. You are steadily employed. You have a good paying record.

2. Our credit service includes several types of accounts tailored to meet your needs. For example . . .

Monthly Charge Accounts
Payable in full upon receipt of statement.

Convenient Budget Payment Accounts
Arranged to meet your financial requirements. Payments due according to agreement.

3. Fast due accounts, when charged off for cause, are listed with your local Credit Bureau.

4. We subscribe to The Code of Ethics of the National Retail Credit Association.

"Guard Your Credit as a Sacred Trust"

No. 1. This is Guarantee and Waiver form. Guarantors receive the same benefits as service men under the Soldiers' and Sailors' Civil Relief Act. They may waive their rights to these benefits if they do so in a written instrument separate from the obligation itself. Size 4" x 6". 1,000, \$4.00; 500, \$2.50.

No. 2. This form is to be signed by the applicant for credit, waiving the individual's rights and benefits under the Soldiers' and Sailors' Civil Relief Act. Printed on the reverse side is part of the act explaining the necessary procedure. Size 4" x 6". 1,000, \$4.00; 500, \$2.50.

No. 3. Here is a very useful form for which we have received numerous requests. It is a Courtesy Charge Ticket.

On the reverse side, is the application for regular charge account. This form should be in every credit office. Its use will save many dollars often lost in these "no account" items. Size 3 3/4" x 9". 1,000, \$5.00; 500, \$3.00.

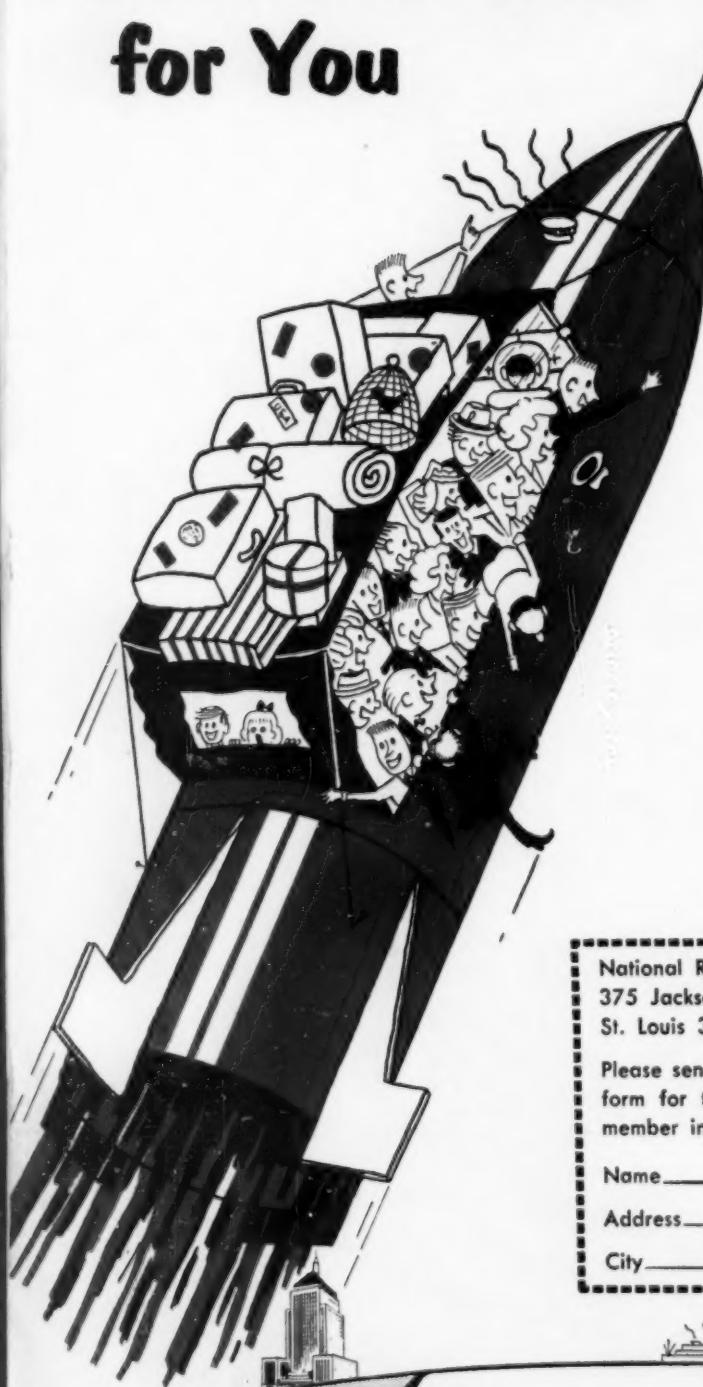
No. 4. This valuable little form explains your credit service policy. It should be given to every new applicant for credit. One should also be enclosed in the "acceptance of credit" letter and with routine reminders. Size $3\frac{1}{4}'' \times 5\frac{1}{2}''$. 1,000, \$5.00; 500, \$3.00.

All orders post paid. ORDER NOW FOR IMMEDIATE DELIVERY.

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Remember . . . your NRCA Group Insurance Plan offers you maximum protection at minimum cost because it is administered through your own Association office.

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DECEMBER 1, 1961**

so what better time than right now to sign up for this valuable protection that comes to you as a benefit of NRCA membership.

"36 Claims Paid To Date Amounting To
\$170,500.00"

National Retail Credit Association
375 Jackson Avenue
St. Louis 30, Missouri

Please send me without obligation details and an application form for the N.R.C.A. Group Life Insurance Plan. I am a member in the United States in Canada .

Name _____

Address _____

City _____

